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NEWS SUMMARY

GENERAL

MPs urge sweeping reform of prisons

Sweeping reforms to reduce the numbers held in Britain's over-crowded and rapidly decaying prisons were urged yesterday by a Commons select committee.

A report from the Home Affairs Committee called for shorter sentences for non-violent prisoners, the removal of drunks and the mentally ill from prisons and greater use of open prisons. Page 8

Israeli air raids

Israeli warplanes attacked Palestinian artillery positions and supply routes in southern Lebanon as the Begin Cabinet met in secret session. Page 3

Ulster deadlock

The Red Cross team investigating Ulster prison conditions said it would see no immediate prospect of an end to the hunger strike deadlock. Page 6

GLC rates to rise

The Greater London Council is set to increase its rate demand next year from 25p in the pound to 54p — a move which has angered borough councils. Back Page

SDP divided

Strains in the SDP leadership have emerged because of the Liberal refusal to back Shirley Williams as a candidate in the Croydon by-election. Page 9

Benn attacked

Shadow Home Secretary Roy Hattersley blamed Tony Benn for the decline of Labour's vote in the Warrington by-election. Page 9: Support for Silkin, Page 9

Bani-Sadr appeal

Fugitive former Iran president Bani-Sadr called on Iranians to boycott today's presidential election and condemned the clergy-led regime. Page 3

Nuclear faith firm

The Government rejected MPs' criticism of its nuclear power policy and in a White Paper re-affirmed its faith in the future of nuclear energy. Page 8

Beatle ban

Paul McCartney was granted a High Court injunction banning the sale of the only copy of the first pre-Beatle Lennon and McCartney recording.

Op for Pope

Pope John Paul is to stay in hospital for 10 to 20 more days for another operation to complete his recovery from gunshot wounds.

Island powers

A movement promoting autonomy for the Shetlands is gathering strength. It wants a separate island parliament and the right to leave the EEC. Page 6

Wedding protest

Part of the Snowdon Mountain railway was dug up in an anti-Royal Wedding protest by a Welsh nationalist group. The track was quickly repaired.

Battery egg plea

Commons committee urged that the battery cage egg production system should be phased out in Britain over the next five years. Page 37

Streets ahead

Episodes covering seven years of Coronation Street have been sold by Granada TV to Canadian television in one of the biggest sales of its kind.

Briefly...

Imprisoned Swedish draft dodger was pardoned after a 32-day hunger strike.

Powerful earthquake rocked north-west Iran.

All marches on Humberside have been banned for two weeks.

BUSINESS

Sterling weaker; dollar improves

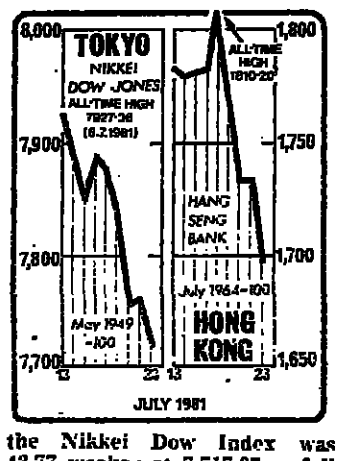
● STERLING closed at $1.8555, down 50 points. It eased to DM 4.54 (DM 4.5450) and Y435.5 (Y436.5), but was unchanged at FFr 10.785 and SWFr 3.91. Its Bank of England trade-weighted index remained at 91.8. Page 29

● DOLLAR improved to DM 2.4455 (DM 2.4410), SwFr 2.1060 (SwFr 2.10), FFr 5.811 (FFr 5.7975) and Y234.75 (234.5). Its trade-weighted index fell to 111.5 (111.6). Page 29

● GILTS were up with stock shortage again contributing to the rise. The Government Securities Index added 0.19 to 64. Page 38

● EQUITIES: new-time buying was negligible. The FT 30 share index closed below the day's best at 518.6, up 1.6. Page 38

● FAR EAST markets continued a sharp retreat, undermined by the dollar's strength, high U.S. interest rates and Wall Street's setback. In Tokyo



the Nikkei Dow Index was 43.77 weaker at 7,717.07, a fall of 160 in four days. In Hong Kong the Hang Seng Index dropped 34.31 at 1,698.73, a four-day fall of 111. Page 36

● Gold was off $3.5 in London to $407.5. In New York the July Comex close was $407.5. Page 29

● WALL STREET was up 3.04 at 927.7 near the close. Page 36

● BRAZILIAN claims of severe damage to coffee crops have been treated with scepticism in London. Back Page

● BRITISH SHIPBUILDERS has won an export order worth £42m from Greek shipowner Mr T. H. Demseris. Back Page

● SEAGRAM, Canadian distiller, is offering $92 a share for 51 per cent of the Conoco oil company, in a deal worth $4.08bn (£2.2bn). Back Page

● BRITISH AIRPORTS Authority earned a trading profit of £37.9m in the year ended March, four times greater than the previous year's £9.5m. Back Page

● JAPANESE Ministry of International Trade and Industry is studying ways to bail out the recession-hit oil refining industry. Page 35

● DEUTSCHE BP, West German subsidiary of BP, wants to reduce its refining capacity from 22m tonnes a year to between 15m and 17m tonnes. Page 33

● INCHCAPE, international merchant, announced its taxable surplus up for the full year ended March at £71.07m against £65.61m. Page 24; Lex, Back Page

● MFI FURNITURE announced pre-tax profits for the year ending May down £5m at £11.78m against £16.77m. Page 24; Lex, Back Page

● DAVY CORPORATION, UK industrial holding company, saw pre-tax profits advance from £15.94m to £18.75m for the year ending March. Page 24; Lex, Back Page

● VOSPER reports pre-tax profits up for the six months to April 30, 1981, at £961,579 compared with £375,044. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 11¾pc 1985	£90¾	+ ¾
Treas. 11½pc 01-04	£81¼	+ ¼
Allied Textile	148	+ 5
Brit. Commonwealth	315	+ 13
British Sugar	352	+ 4
Firth (G. M.)	128	+ 8
Grindlays Bank	240	+ 8
Haden	205	+ 13
London Invest. Tst.	19½	+ 2½
Plessey	346	+ 11
Plysu	90	+ 7
Rosehaugh	313	+ 14
Stirling Knitting	70½	+ 5½
Tele. Rentals	393	+ 8
Vinten	304	+ 8
Vosper	135	+ 10
Century	78	+ 11
Shell Transport	382	+ 8
Geevor Tin	125	+ 5
Jantar	41	+ 5
Messina	355	+ 18
Tanks Consd.	308	+ 13

FALLS		
Arlington Motor	86	− 13
Dowty	245	− 11
Hawker Siddeley	306	− 14
Law Land	123	− 6
Morgan Crucible	128	− 8
Stanelco	70	− 12
Staveley Inds.	220	− 8
Pancontinental	340	− 10
Selfrust A	65	− 5

No 'phoney boom' to win votes, Thatcher tells backbenchers

BY RICHARD EVANS, LOBBY EDITOR

THE PRIME MINISTER gave Conservative MPs a categorical pledge last night that there would be no "phoney boom" in the second half of the Parliament in a search for electoral success for the Government.

Mrs Thatcher's theme, in a rousing end-of-term speech to the 1922 Committee that also marked the probable halfway point of the Parliament, was that there could be no turning back on the economic policies the Government had adopted.

"I still believe we will be successful in our economic and other policies, but it is now or never, and we must go through with it," she declared to a crowded meeting of Conservative backbenchers, who gave her a warm reception.

But despite the enthusiasm the widespread doubts of many backbenchers on economic prospects were voiced by Mr Edward du Cann, chairman of the 1922 Committee.

He spoke of the "considerable anxieties" among MPs, and the Prime Minister met the point with a detailed explanation of why the expected economic recovery had taken longer than expected.

Most MPs left the meeting impressed at the confidence and dedication of the Prime Minister, but the so-called "Wets" were deeply depressed at what they feared must be continued economic stagnation and possible electoral disaster.

They took little comfort from the Premier's conviction that the worst was now over, and that the benefits of economic sacrifice would shortly be seen.

"I believe we are coming through it now," Mrs Thatcher said at one point. "Next year we will see an improvement" was another phrase she used at the private meeting.

Above all, the Prime Minister pledged herself not to repeat the controversial "U-turn" performed by the Heath Government in 1972-73, and went out of her way to underline what she claimed were the disastrous consequences of that reflation.

Mrs Thatcher forecast that a recovery in profits was on the way, but warned her supporters to remember what had occurred in roughly similar circumstances under Mr Heath. Then, recovery had been stimulated through inflation. "We never want to go that way again," she said with vehemence.

She emphasised that there were still more than two years to go in the present Parliament, and that it was essential that nothing was done that would lead to such a rate of inflation, and to abandonment of all the gains made with such difficulty.

Her view remained that economic circumstances would have been no better had the Government ducked the difficult decisions it had had to take. Industry was now much fitter and "leaner," and much better prepared to take advantage of the end of the recession.

To the surprise and amusement of many MPs, she called in support of her strategy Chancellor Helmut Schmidt of West Germany. According to Mrs Thatcher, during a conversation at the Ottawa summit earlier this week Herr Schmidt praised the UK's "middle-of-the-road monetary policies."

Though Mrs Thatcher admitted that there would have been major benefits from earlier and deeper cuts in public expenditure which would have resulted in lower interest rates and a cut in employers' National Insurance surcharge, she admitted that political problems within the Tory Party would have resulted.

She doubted whether harsher cuts would have got through Parliament.

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City pressure brings review of laws protecting investors

BY CHRISTINE MOIR

THE GOVERNMENT has bowed to City pressure and launched an urgent review of legislation to protect investors.

The decision, announced yesterday by Mr Reginald Eyre, Parliamentary Under Secretary for Trade, is a dramatic reversal of previous policy. It comes less than a week after Mr Eyre had said that wide-ranging changes were not possible for the moment and follows a series of recent collapses of investment management groups.

Yesterday Mr Eyre announced he had commissioned a review "to recommend proposals for a new legislative framework of protection for investors in securities and other forms of property."

The review, under Professor Jim Gower, the Department of Trade's research adviser on company law, would begin at once, Mr Eyre promised.

Professor Gower's brief is to consider the statutory protection needed by private and business investors in securities and other properties, including through unit and investment trusts; the need for statutory control of dealers in securities, investment consultants and investment managers and to advise on the need for legislation.

Mr Eyre gave no indications of such a project when he replied to a parliamentary question on Monday about the need to introduce tighter controls over investment management.

In a written answer he merely promised to alter "as soon as possible" the rules within the existing pre-war Prevention of Fraud (Investments) Act which covers traders who have licences to deal in securities.

He added that the Department of Trade would be "considering the implications of current investigations" into several investment management groups which had failed. "More fundamental changes would require legislation for which I see no scope in the present Parliament," he concluded.

Mr Eyre's reply angered the City, which has been clamouring for a review of the Act in the wake of recent collapses. Among the groups which have voiced concern over its ineffectualness have been the Council for the Securities Industry, the Stock Exchange, and the newly-formed Association of Licensed Dealers.

The Bank of England is known to have been acutely embarrassed by the collapse and subsequent Fraud Squad investigation into Norton Warburg group, an investment management group which the Bank permitted to approach redundant Bank of England employees with investment proposals for their redundancy payments.

Yesterday's announcement is seen as a direct concession to this concerted pressure.

Mr Eyre said that Professor Gower would be free to consult "widely and informally" before publishing his report. He would base his work on the response to the 1977 consultative paper which proposed amendments to the Act.

These included widening the range of occupations covered to include investment managers. Since then, concern about firms involved in investment management and consultancy and in matter such as exchange control has grown. As a result, Mr Eyre said yesterday, the matter required a wider review.

Survival plan for special steels

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A SURVIVAL plan for the special steels industry has called for substantial rationalisation, rigid monitoring of import prices and a restriction on the British Steel Corporation's activities.

The report is the result of a two-month investigation by Professor Sir Frederick Warner and was prepared with the assistance of the Bank of England.

Sir Frederick warned yesterday that unless the industry could be returned to reasonable profitability, its long-term survival was in jeopardy and that this could have repercussions in other sectors of industry. He will be meeting Mr Norman Tebbit, Industry Minister, next week to discuss the plan.

Companies in special steels, which are almost entirely in Sheffield, must voluntarily scrap their old equipment—mainly furnaces and hand rolling mills—and concentrate production on their modern facilities, the report says. Sir Frederick did not believe this would involve a substantial reduction in the 3,500 workforce.

Special steels are at the higher value-added end of the industry and are produced mostly in the private sector. There has already been a great deal of rationalisation and mergers and roughly half the annual output of between 15,000 tonnes and 20,000 tonnes is accounted for by Aurora, GEI and Johnson Firth Brown. BSC concentrates on stainless steel, while the private sector produces high-speed and tool steels.

The financial arrangements to force through the suggested rationalisation are not given in the report, but should be detailed by a working party which Sir Frederick says should be set up by the Bank under an independent chairman.

He also proposes that the Government takes action immediately to monitor the price of imported special steels, and to ensure adherence to the European Coal and Steel Community guidelines on reducing special steels exports. The BSC should also support and monitor the minimum prices.

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Sterling rate 'too high' says CBI chief

By Peter Riddell, Economics Correspondent

THE STERLING exchange rate is too high and there is no justification for higher interest rates to prop up its value, Sir Terence Beckett, the director-general of the Confederation of British Industry, warned yesterday.

Sir Terence's remarks can be seen as a warning shot across the Government's bows in view of recent speculation about a possible rise in UK interest rates.

He said that since money supply in the UK "is thought to be under control, there is no basis in that for the Government to try to raise interest rates. Of course, some market pressures will be upward as other countries compete for funds—but UK policy should be in the opposite direction."

There are no signs of any immediate Government initiative. Minimum Lending Rate was, as expected, unchanged yesterday. The official preference remains to wait and see how the pressures develop.

The financial markets were slightly steadier and less nervous yesterday than earlier in the week.

Sterling was broadly stable. There was little significant change in money market conditions. The gilt-edged market was firmer for the second day running.

Conditions remain finely balanced, however, with no one quite sure of the next move. The clearing banks are still under pressure to raise their base lending rates, although they are reluctant to do so.

An indication of the greater flexibility yesterday was that the Bank of England felt able to lengthen the term of its assistance to the money market from between overnight and four days out to between 7 and 14 days.

Yesterday, the Bank bought bills at 12½ per cent interest rates. This is in anticipation of future shortages, and can be seen as reaffirming its desire for stability.

A key test will come later today when the special £800m of Treasury Bills (in addition to the usual £200m issue) are offered for sale by tender. It is likely that the results will be announced later than the

Continued on Back Page

£ in New York

	July 22	Previous
Spot	$1.8585-8600	$1.8520-8540
1 month	0.65-0.72 pm	0.82-0.89 pm
3 months	2.05-2.15 pm	2.30-2.40 pm
12 months	5.50-5.70pm	5.70-5.90 pm

Britain and Germany urge EEC budget cut

BY LARRY KLINGER IN BRUSSELS

BRITAIN and West Germany yesterday called for cuts totalling £330m in the European Commission's £12.3bn budget for next year.

The move throws the two countries into sharp conflict with other EEC states, led by France, Italy, and Ireland, which have asked for some increases in proposed spending.

In contrast with recent years when Germany lined up firmly with France over EEC financial issues, Bonn is firmly in agreement with Britain's long-standing call for budgetary stringency—influenced by its own growing economic difficulties.

Yesterday, the commission, in the first formal stage of the budgetary process, proposed to the EEC council of budget ministers a draft that envisages spending in the year totalling £12.3bn. This would represent an increase on spending this year of about 16 per cent.

In another departure from recent years, Britain and Germany are challenging the way the commission has worked out its estimates of the cost of supporting EEC agriculture.

The commission's proposals provide for 63 per cent of the 1982 budget to be spent on agriculture against 67 per cent in 1981.

In the past these calculations have seldom been questioned by the budget ministers. The agriculture ministers have used any extra money available to increase guaranteed farm prices.

However, yesterday Britain and Germany demanded "tighter estimates" for farm spending. They fear that there is too much slack in the commission's proposals which could lead to over-generous farm price increases in the spring.

Budget ministers were also starting to tackle the equally troublesome issue of spending the EEC's regional and social funds. These funds provide cash for regional and social projects mainly in the poorer EEC states.

Britain, Germany and possibly France will also seek cuts in these programmes. They want to restrict the technical budget mechanism which allows the European Parliament freedom to boost spending in these areas.

The commission is proposing to spend £616.6m on the regional fund and £554.4m on the social fund—increases of between 25 and 40 per cent on spending this year.

The British and West German attack poses problems from the commission, which feels that it has already successfully moved expenditure away from farm spending as is envisaged in the current review of EEC policy. In reducing commitments to farming it feels it has left itself with only the minimum flexibility.

The commission also maintains that it has provided a significant safety margin—about £330m—between planned spending and the maximum it can claim from member states.

Mr Christopher Tugendhat, commissioner responsible for the budget, cautioned the ministers against rash judgments, pointing out that they were not required to make a final decision until their next scheduled meeting on November 24. By then Ministers should also have the benefit of Parliament's opinion of the draft.

EEC Commission on wage indexation, Page 2

British Telecom loses fight to keep monopoly

BY JASON CRISP

BRITISH TELECOM has lost its hard-fought battle to keep its monopoly in telecommunications. Next week the Government will announce a major relaxation of the monopoly in a number of areas.

The biggest blow is that the Government is likely to allow a private organisation to set up a competing communications network offering sophisticated services to business. British Telecom and its main union, the Post Office Engineering Union, have opposed the competing network with particular vigour.

British Telecom has said that it would mean major increases in costs to residential users as it lost revenues from the highly profitable trunk routes which cross-subsidise the money-losing local network.

The front-runner to start a competing network is a consortium of Cable and Wireless, BP and Barclays Merchant Bank. The first phase, costing about £50m, would link seven cities in a 700-mile loop.

These moves would be made legal by passing of the British Telecommunications Bill, expected to receive the Royal Assent soon.

French economy poses painful lesson for Socialist cabinet

BY DAVID HOUSEGO IN PARIS

BOTH PRESIDENT Francois Mitterrand and his Prime Minister, M Pierre Mauroy, have that comforting knack of being able to reassure their audience that all is possible in the worst of possible worlds.

As France's new Socialist government begins its onslaught on unemployment and its radical programmes for nationalisation and decentralisation, the confidence of Frenchmen in their leaders—spurred no doubt by the holiday mood of even this sunless summer—has on the evidence of the opinion polls been rising.

But despite the public displays of exuberance, the painful lesson for the Socialists of their first two months in office has been a realisation of the limited scope that exists for achieving their goals of more growth and jobs.

M Mauroy on television last week conceded that a reversal of the unemployment trend could not be expected before the Spring of 1983. With the number of jobless already at 1.8m, it is now only a matter of time before France's unemployment figures push past the psychologically important 2m barrier.

In spite of a small pre-holiday increase in consumer spending, there is no sign as yet of any recovery in industrial output though this time of year is often a period of accelerating demand.

Industrial production in June was 8.1 per cent down on a year ago with the official index still slipping from its peak of late 1979. The index is now at a lower level than in the winter of 1976 when the French economy had just pulled out of the recession which followed the first oil shock.

According to a survey in June of the official statistics bureau, French companies expect a drop in their fixed capital investment this year as compared with 1980. This is a much sharper slowdown than they anticipated three months ago and no doubt reflects their initial shock at the Socialists' electoral victory. Industrial investment rose 3.5 per cent in 1980 at constant prices.

THE APPOINTMENT of new chairmen for the two state-run French television channels yesterday completed the clean-out at the top of the networks following the change of Government, writes David White in Paris.

The head of the third, regional channel, has already been replaced. The new nominations came after the departure on Wednesday of M Jean-Louis Guillaud, head of the TF1 channel, who had been refusing to follow his colleagues' example and resign.

M Jacques Bontet, who headed a control commission during the presidential election campaign, succeeds him. The chairmanship of Antenne-2, whose former chief resigned last month, has been given to M Pierre Desgraupes, a former television news producer.

The head of Radio France, Mme Jacqueline Baudrier, who has also refused to resign, is also thought likely to be replaced soon, possibly before new legislation on broadcasting is tabled.

M Pierre Mauroy, the Prime Minister, said last week that the Government was determined to stop "abuses" which had resulted from successive administrations' attempts to control the presentation of news.

Apart from consumption, the only source of growth in the economy has been exports which recorded a 13.9 per cent increase in value in the January-June period as against the first six months of 1980.

It was in the hope of reversing this downward trend in the economy — the result both of international pressures and of the anti-inflationary policies of the former government of M Raymond Barre — that the new Socialist administration brought in its June package to raise the minimum wage, increase social allowances and create new jobs in the public sector. The real impact of these reflationary measures remains a matter of dispute.

In an influential article in the business monthly L'Expansion, M Philippe Lefournier described them as a massive stimulus injected into an economy already on a rising tide—a criticism that reflected business fears of carefree Socialist spending. He put the net stimulus to the economy at FFr 55bn, equivalent to 2 per cent of GDP, and comparable to the reflationary package that M Jacques Chirac as Prime Minister introduced in 1975. This led to a disastrous inflationary price-wage spiral requiring a stabilisation package the following year.

M Lefournier sees a repetition of events with wages and prices chasing each other up the ladder—all too easy in France, where 80 per cent of wages are indexed to the cost of living—leading to a vicious circle of inflation, devaluation and a sharply widening trade balance as an expanding economy sucks in more imports.

In monetary and fiscal policy, M Mitterrand's administration—like Britain's Wilson government in the 1960s—is conservative, pinning its prestige to defending the currency and keeping the budget deficit in check. Not surprisingly, therefore, its officials estimate rather differently the net additional stimulus to the economy, putting it at FFr 30bn or 1 per cent of GDP on the grounds that the minimum wage and social allowances would have in part risen anyway because of the French system of indexation.

More than this, however, the official fear is that, contrary to M Lefournier's expectations, there may only be a weak recovery of output in the autumn. This is a view increasingly shared in industry. Uncertainties over rising unemployment, proposed new ceilings on family allowances and a shift in the burden of taxation mean that Frenchmen of all social classes are holding on to their funds. The savings ratio is rising.

Corporate investment remains depressed because of worries over new taxation and the unknowns of Socialist rule as well as the persistence of high interest rates. These factors are the price being paid for the Government's continuing determination to defend the franc.

The possibility is being examined of a two-tier bank lending rate system, offering cheaper credit to selected domestic borrowers. Meanwhile, high interest charges remain a major factor behind the sharp increase in the number of companies going into liquidation.

Depressed private-sector investment seems unlikely to be offset by any significant rise in public-sector investment. Officials expect no more than a 2 per cent increase in real terms next year over 1980.

Current expenditure on schools and welfare will weigh heavily on this public budget (which includes also major projects like the TGV (the high-speed train) or the nuclea power programme.

All this points, as government officials insist, to an economy which, far from running out o control, is still sagging. Growt for 1981 is estimated at zero to 0.5 per cent, rising slowly nex year. Officials believe that the trade deficit could even shrin next year as a result of reduce oil imports—as more nuclea plants come on stream—and lower level of economic activit than previously anticipated.

Should recovery indeed b delayed, then French unem ployment is likely to worsen —the Socialists' electoral succes coinciding ironically with jump in the number of ne entrants to the labour marke The government could yet fin itself under pressure either give a further boost to th economy—with all the risks th would entail—or to respond t the demands from the extrem left and the Communists for restructuring of the Frenc economy that would amount t abadoning social democr policies.

Commission call to scale down wage index systems

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission yesterday urged Community members to scale down their wage indexation systems, and pressed Belgium to reduce its budget deficit.

The action highlights the Commission's belief that many EEC member-states should launch fresh moves to combat inflation and curb public-sector deficits.

The Commission fears that trends in EEC economies are becoming so divergent that general Community objectives and the stability of the European Monetary System are under threat.

"We are almost past the eleventh hour," one official said yesterday.

The Commission has produced a statement of principles on indexation designed to be the basis for a policy recommendation which it will table after Economic and Finance Ministers have considered the problem in September.

Realising that broader support will be needed to achieve major changes in indexation systems, the Commission also intends to promote debate within the European Parliament and seek some consensus on the issue between the two sides of industry represented on the EEC's Economic and Social Committee.

Comprehensive wage indexation is a dominant feature of pay systems in Belgium, Luxembourg and Italy and to a lesser extent, in Denmark and the Netherlands.

In arguments which will be welcomed by these governments the Commission says that in practice, an automatic or semi-automatic link between prices and incomes may be "a serious obstacle" to correcting balance of payments deficits, improving production structures and reducing inflation.

It suggests that the basis for indexation should be a price index which prevents price increase factors which are outside corporate control—such as public service prices—from working through to wage costs.

Wage adjustments should be implemented after a delay and only twice a year, to prevent temporary fluctuations in consumer prices from boosting the pay and prices spiral.

With particular reference to Italy, the Commission goes on to propose that a country whose inflation rate is well above the Community average and in which indexation is widely applied should aim to limit its indexation to the average EEC inflation rate so as to slow the rise of prices and costs.

For the first time yesterday, the Commission used powers to issue economic policy recommendations to a member-state whose approach is seriously departing from the Council of Minister's guidelines.

Alarmed at the size of Belgium's current account deficit—forecast to be 7 per cent of Gross Domestic Product this year—and also at its public borrowing requirement of 12 per cent of GDP in 1981, the Commission has urged the Belgian Government to limit its budget deficit to BFr 200bn (£2.6bn) this year.

It recommends that the Government aim to bring its financing requirement down to 5 per cent of GDP by 1984 and introduce a number of reforms to improve the administration of the budget and the collection of revenues, particularly through an attack on the black economy.

BRUSSELS—European Community countries will have to find their own remedies if high U.S. interest rates have not come down by the autumn, M Gaston Thorn (above), president of the European Commission said yesterday. Continuing high interest rates would also be a problem for the U.S. which would have to change its strict monetarist policy.

Oslo acts over rigs pay dispute

The Norwegian Government yesterday ordered compulsory arbitration in the pay dispute affecting Norway's mobile drilling and accommodation rigs, writes Flemming Dahl in Oslo.

The Government's intervention follows the failure of an arbitrator's attempt to settle the dispute between the rig owners and the Norwegian seamen's union. The former have announced a lock-out on the 11 rigs operating in Norwegian waters and the workers have retaliated with a threat to strike on eight rigs operating in British waters and nine elsewhere.

Last year, rig workers were awarded a 23 per cent pay rise after voluntary arbitration which followed a stike of several weeks.

Lisbon shooting

A Left-wing Portuguese urban guerrilla group, called the Popular Force of April 25, claimed responsibility for the wounding of a business executive and his chauffeur yesterday in a machine-gun attack near Lisbon. Reuter reports.

Alfa Romeo man freed

Red Brigade terrorists freed Sig Renzo Sandrucci, 53, an Alfa Romeo executive yesterday —50 days after they kidnapped him, anti-terrorist police said, AP reports from Milan. Sig Sandrucci was found in an Alfa Romeo car in Milan, the police added.

Tanker bid fails

More than 15 Belgian and Dutch tugs yesterday failed to refloat the Liberian tanker World Dignity, 275,000 tons, which ran aground off Zeebrugge Harbour, Belgium, on Wednesday night, port officials said. AP reports. The ship, owned by Texaco, is carrying 130,000 tons of crude.

Spanish reserves

Spain's monetary reserves went up by $500.6m (£277m) in June, to stand at $11.54bn, the Bank of Spain said yesterday, AP reports from Madrid. The reserves had dropped by $808.7m from January 1 this year, the bank added, blaming higher oil prices.

Bonn Government takes a knife to 1982 budget

BY JONATHAN CARR IN BONN

THE West German Government has begun marathon talks on how to cut up to DM 20bn (£4.4bn) from next year's budget, knowing that its own future greatly depends on the outcome.

The Social Democrat and liberal Free Democrat coalition partners have publicly stressed that they will play their part in seeing the savings burden spread fairly. But the big sum involved means that every expenditure item from unemployment payments and family allowances to civil service benefits — will come under critical scrutiny.

This implies that both parties will have to demand sacrifices from their supporters, and it is unclear how far an agreed balance of interests can be found.

Hence the statement yesterday by a senior Free Democrat official that these discussions will influence largely the two parties' chances for the next general election in 1984.

Over the next week intensive meetings are being held within the two parties and with union leaders. The aim is to approve a final package at a cabinet meeting next Thursday and to have new legislation to implement the cuts ready for another cabinet session on September 2.

It is widely seen as ironic that, only days after the Western economic summit conference in Ottawa, the Government is seeking to agree on budgetry cuts which will amount to about 1 per cent of gross national product. At the summit conference three years ago—in Bonn—the West Germans reluctantly agreed to boost their economy by 1 per cent of GNP (at that time about DM 12bn) to help pull other countries out of recession.

Chancellor Helmut Schmidt now argues that the Bonn summit decision is one reason why the federal deficit has grown so large. Another, he maintains, is the continuing high level of U.S. interest rates which puts upward pressure on West German rates.

By no means all West German authorities are convinced of the need for budget cuts. This week the West German Institute for Economic Research warned against "financial policy over-reaction which will endanger economic growth and jobs." But the Government sees its domestic position strengthened by that passage of the Ottawa communique which urges "containment of budgetary deficits, by means of restraint in Government expenditures as necessary."

UK Foreign Office unrepentant on Gibraltar

By David Tonge, Diplomatic Correspondent

THE BRITISH Foreign Offi was unrepentant yesterd about its role in the ro which culminated in Ki Juan Carlos deciding to bo cott the wedding of Prin Charles.

"Think of the egg we wou have on our face if it h leaked that we had advis the Prince not to visit Gibr tar," a Foreign Office Minis said yesterday. For him, or Buckingham Palace had s gested the visit, the Forei Office could hardly win.

Spanish sensitivities on B tain's last colony in Euro are well known in Lond Because of these, the Fore Office recommended last ye that the Queen should visit Gibraltar at the end her tour of North Africa.

When that recommendat leaked to the British Pre the Foreign Office had to d with the equally acute Brit sensitivity.

This latest episode has be something of a repeat pe formance with reversed ro The passions which have be aroused in both Britain a Spain—where even the Com munists yesterday prai "the grand gesture" of King — underline the Sc and Charybdis between wh Britain and Spain have steer in tackling the Gibral issue.

Under Franco, Spanish demar flourished that the 2½ squ mile, 297-year-old colony w its 19,000 inhabitants sho come under Spanish jurisd tion. In 1969 the Spania imposed a land blockade the Rock

In April 1980 it seemed so progress would be ma Meeting in Lisbon, Britain a Spain agreed that Spaniards would lift blockade and the two si start negotiations "aimed overcoming all the differen between them on Gibraltar.

The joint statement was impo ant to Spain as Britain linked the border open with Spain's accession to EEC. In the British view was "inconceivable" closed borders could exist tween two EEC members.

Soon after this France said wanted a temporary but in finite postponement of Spa accession. As the prospect accession has receded until least 1984, so has the prosp of implementing the Lis statement.

Even before February's c attempt in Madrid Spaniards had shown no p gress towards lifting blockade. Last week Sr J Duran, Director-General European and Atla Affairs at the Spanish Fore Ministry, asked for some m by the British which wo make it easier for the Span Government to open the der.

He received short shrift, least because some Minist and a section of Parliam argue: "There is no Gibra problem."

The main counter argument that Gibraltar is the rea why Spain is the only West European country to wh Britain has not made defe sales in the past two decad Overcoming this drawback is seen in London as sufficien important to justify bring pressure on the Gibraltaria Nor does the possibility Spain this autumn push for membership of Nato al this. Its membership wo need the approval of par ments in both London Madrid.

For all the initial fuss, latest reports from Mad indicate that Spain n wants to play down Gibraltar issue.

Eight months' talking yields only deadlock over European security

BY TOM BURNS IN MADRID

EAST AND West have been unable to break their deadlock over the crucial issues of human rights and a mandate to discuss European disarmament as the Madrid conference reviewing the Helsinki Final Act prepares to adjourn next Tuesday until October 27.

It has proved impossible even to agree a joint communique to conclude the present session. In the opinion of one senior diplomat, the inconclusive nature of the adjournment is an accurate reflection of East-West tensions throughout the eight months of discussions.

An adjournment has appeared inevitable since the beginning of this week, when the Nato and the Warsaw Pact delegations clashed sharply over their interpretations of military security in Europe. The conference had been due to end in March but has remained effectively deadlocked since late February.

On their return, the delegations are expected to pick up where they left off: seeking consensus on the complex question of so-called confidence building measures (CBMs). These involve the advance notification of troop movements in Europe as a prior condition for a detente and disarmament meeting.

Assessing the marathon sessions, Western diplomats stress that they have served to review in a thorough manner the implementation of human rights as laid down by the Helsinki Final Act and that they have underlined a close degree of unity and common purpose among the European allies.

Both the review stage of the conference, which lasted until last Christmas and the allied unity throughout the meeting are being held up as positive features

The review of the implementation stage consisted essentially in a wide-ranging and explicit criticism of the violations of human rights in Eastern Europe and of the invasion of Afghanistan. The Madrid venue has allowed constant access to the meeting of pressure and lobby groups representing East European dissidents, and persecuted minorities and ethnic groups.

Eastern Europe, and in particular the Soviet Union, was forced to "learn some hard truths about itself," as one Nato delegate put it.

Allied unity appeared at its strongest on the specific issue of the Eastern bloc proposal that the Madrid meeting should provide a mandate for a military detente and disarmament conference. The European allies believe there should be no such conference until it was clear that it would produce real advances in security.

Mr Max Kampelman, the U.S. Ambassador, said: "The West has been burnt for years in its dealings with the Soviets and is now very suspicious that (the proposed disarmament conference) is just walking into a propaganda exercise."

U.S. to repay SwFr1.25 bn bonds

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE U.S. is to repay on Monday SwFr 1.25bn of the so-called Carter bonds issued on the Swiss market in January 1979 to help defend the exchange rate of the dollar.

Repayment of this first tranche, however, will be effected without the need for the U.S. Federal Reserve to acquire Swiss currency in the foreign exchange market as it is understood to have made very little use of the money for exchange market intervention purposes.

Instead, proceeds of the bonds which were sold to Swiss banks were reinvested with the Swiss national bank where they were effectively frozen out of the money supply.

The release of the funds into the Swiss money market once the bonds are redeemed has caused some Swiss bankers to speculate that liquidity will receive a substantial boost early next week. But the national bank is expected to offset this by not renewing a compensating amount of liquidity made available to the banking system in the form of dollar swaps.

The Carter bonds were issued in West Germany as well as in Switzerland, although the first maturity date for the D-Mark issues does not fall till September.

How Poland has bent the rules of the single party state

BY ROGER BOYES IN WARSAW

ACCORDING to the unwritten rules of Communist party congresses, delegates are supposed to behave themselves, stay awake, take notes during the major speeches and, at the appropriate times, shower loud hosannas on the leadership. It is an undemanding role.

In Poland this week the rules were bent and even disregarded altogether. Delegates shouted from the floor, much as if they were back home in the regional shipyard committees: "nonsense," some of them yelled. 'You've skipped a few paragraphs," or "What is this motion supposed to mean?" The party leaders looked tired, like parents after a particularly wearing Sunday outing.

For the first time, delegates were elected by secret ballot in real contests against real competition. It was not really clear what this would mean until the first day of the Congress when suddenly the delegates began to rip up all the normal schedules. Then, last Friday night, came the ultimate democratic revolt: a secret ballot for the Central Committee effectively swept out all but four members of the ruling Politburo.

The word democracy, however, has to be used with a certain amount of caution. Poland remains in effect a one party state, its parliament lacks fundamental governing powers —these are vested as in all East European states in the Politburo and the Central Committee of the party—and some of the old habits of media control are taking a long time to die.

Non-communist journalists were excluded from the Congress hall. They were cooped up like experimental rabbits in a press centre to wait for approved doses of the democratic Congress to be transmitted by closed circuit television. During the reading of the Central Committee results, the volume disappeared from the television sets for several minutes, blocking out unauthorised information.

Polish journalists have learned to live with this news management for some time. "As usual," said one, "we are watching history without sound."

Still, consider the democratic innovations both in the running of the Congress and in the evolving attitude to society. Apart from an important vote on procedures, secret balloting was held throughout the Congress—that is, for a number of Party bodies, for the Central Committee and then, after the Central Committee had drawn up a list of candidates, for the First Secretary.

All this is new for a Communist Party Congress—and it bred some of the techniques that have come to be associated more with U.S. party conventions. Sectional lobbying for political advantage was especially acute, with the hard line Katowice Forum active on the floor and behind the scenes.

As in Western conventions, too, rhetorical skill began to play a role. In Communist Party congresses, speeches rambling in form and structure can last for three hours or more. In the Warsaw "reform" congress, the most applause came for a passionate speech from the liberal reformer, Mr Mieczyslaz Rakowski, the Vice Premier. As a result, he won a great many more votes than other leading liberal reformers including Mr Tadeusz Fishbach, the Gdansk First Secretary, who failed to win a seat on the Central Committee.

The most noticeable difference between the Warsaw congress and other such party gatherings in the Communist world was the spirit of resistance against manipulation by the party leaders.

A deep suspicion of the leadership even extended to the possible manipulation of the vote counting: delegates insisted that the counting should be done by abacus rather than by the computer of Poland's Academy of Sciences. Not all the delegates were happy at the resulting delays which left much of Poland's crisis programme undiscussed. "It's not enough to learn the art of democracy," said one senior Gdansk delegate. "We must learn the technology as well."

The delegates' strength went beyond the power of the veto —they seemed to be genuinely in touch with the party at the grassroots level. Some delegates, for example, returned to their hotel at night after the final session and recorded their version of the day's proceedings. The tape was then flown home to be discussed by factory committees.

Is this system of representative delegates — now formally endorsed in the new party statutes — truly effective and could it be exported to other East European countries? It is too early to pass definitive judgement on the depth of the democratisation in the Polish party but some of the weaknesses of the present new system have already emerged.

Although the idea of changing the party statutes was to shift more influence to the rank and file, the net effect of the congress elections is to concentrate power in the hands of the four surviving Politburo members — Mr Kania himself, Mr Kazimierz Barcikowski, Mr Stefan Olszowski and Mr Wojiech Jaruzelski, the Premier.

The eleven newcomers to the Politburo, many of whom are relatively inexperienced workers, all live outside Warsaw. That will probably mean that much day-to-day decision-making will devolve on the Central Committee Secretariat whose members are permanently based in the capital. Effective power will therefore rest with the experienced party administrators at the top of the tree.

The question of whether Poland's democratic reforms can be exported is a particularly worrying one for the rest of the Soviet bloc which fears, naturally enough, the erosion of party influence.

It is difficult, though, to see how many of the reforms could in pratical terms be adopted by, for example, the Soviet Union itself. Its sheer size would make many of the reforms technically impractical. The changes in the Polish system, moreover, are a direct response to a specifically Polish crisis—some 300,000 members have left the party since the wave of strikes in August 1980, some of them presumably wooed away by the independent thought of the Solidarity workers' movement. No other East European country has such a highly organised challenge to its party power and no other state has such a powerful church to legitimise that challenge.

This should not exempt the other East European communist parties from asking themselves some searching questions. Most crucially, how truly representative are they of workers' interests? The old architecture of party power devised in the Stalin era has been overturned by a new generation of workers, too young to remember the original reasons for making sacrifices and too independent to subordinate their ideas to the stifling principles of "democratic centralism."

Poland's party is making tentative steps to adjust to the more sophisticated demands of its membership. It remains to be seen whether the other Eastern bloc countries will be able or willing to follow suit.

Economic maze, Page 23

Hardliner moderates his image

THE POLISH Communist Party's most prominent hardliner, Mr Stefan Olszowski, has been described as one of Mr Stanislaw Kania's closest collaborators by Polityka, the Liberal Party weekly. This marks another step in Mr Olszowski's efforts in the past month to project a more moderate image. Christopher Bobinski writes from Warsaw.

Polityka is edited by Mr Mieczyslaw Rakowski, a leading reformer. Its commentary on the party congress which ended on Monday would suggest that the paper is ready t oacknowledge Mr Olsowski's strengthened position

The commentary says the congress saw a victory for Mr Kania's moderate policies. All four members of the old Politburo who were re-elected —Mr Kania, Mr Olszowski, General Wojciech Jaruzelski and Mr Kazimierz Barcikowski —"were the brains behind his policy in the period since last summer."

Mr Radowski, who did not seek election to the Politburo, retains his post as Deputy Premier in charge of relations with the trade unions, which gives him greater freedom to canvass support for his liberal views.

Reuter reports: Hunger marches were threatened in two cities yesterday as authorities revealed details of proposals to quadruple food prices.

FINANCIAL TIMES, published daily except Sundays and holidays. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y., and at additional mailing centres.

As the Israelis mull over Washington's reaction to the shooting war, morale in the Palestinian camp remains high, FT writers report

Palestinians soak up their losses

BY IHSAN HIJAZ IN BEIRUT

ISRAEL should have few illusions that any major assault on Lebanon, short of a blanket occupation of that country, would result in an effective suppression of the Palestinian guerrilla movement. This is the view of diplomats and other experienced observers in Beirut.

The Israeli offensive by land, sea and air has to date managed only to boost the guerrillas' morale whilst lowering that of the Israeli settlers in the critical Galilee salient which remains exposed to periodic barrages of Katyusha rockets and artillery shells. Meanwhile, the guerrillas' ability to absorb their losses, as in 1978, has again been evident.

"What Israel fails to understand is that it is dealing not with a handful of guerrillas but with 4m Palestinians, which is more than the total population of the Jewish state," said one Palestinian authority. As many as 600,000 of this dispersed people reside in Lebanon alone, providing a constant stream of manpower for the guerrilla movement.

Furthermore they maintain firm and close links with Palestinian communities in other Arab states, especially Syria, and the 1m Arabs living in the Israeli-occupied West Bank and Gaza. These are the two territories which the PLO is claiming as the basis of an independent Palestinian state.

With an annual budget estimated at $1bn donated by the oil-rich Arab states, the PLO keeps the guerrillas well supplied. The longstanding fighting spirit of the Palestinians is beyond question. After their expulsion from Jordan 11 years ago by King Hussein's army, the guerrillas took only a few months to recover their equilibrium and to regroup in Lebanon and Syria.

According to reliable Arab diplomats, the guerrillas—especially the mainstream Fatah group—have secretly succeeded in setting up a few mobile bases on Jordanian territory from which to undertake occasional shelling of Israeli settlements in the Jordan valley.

"We shall return to Jordan whether King Hussein likes it or," Captain Ahmed Jebril, the General Secretary of the PFLP General Command guerrilla group, said in an interview published in Beirut last weekend.

In March 1978, Israel sent 25,000 troops backed up by a large number of tanks and intensive air cover to invade southern Lebanon. The Israeli thrust pushed the guerrillas back, established a United Nations force in the region and carved out a border enclave which Israel controls by proxy through the Christian militias of Major Saad Haddad.

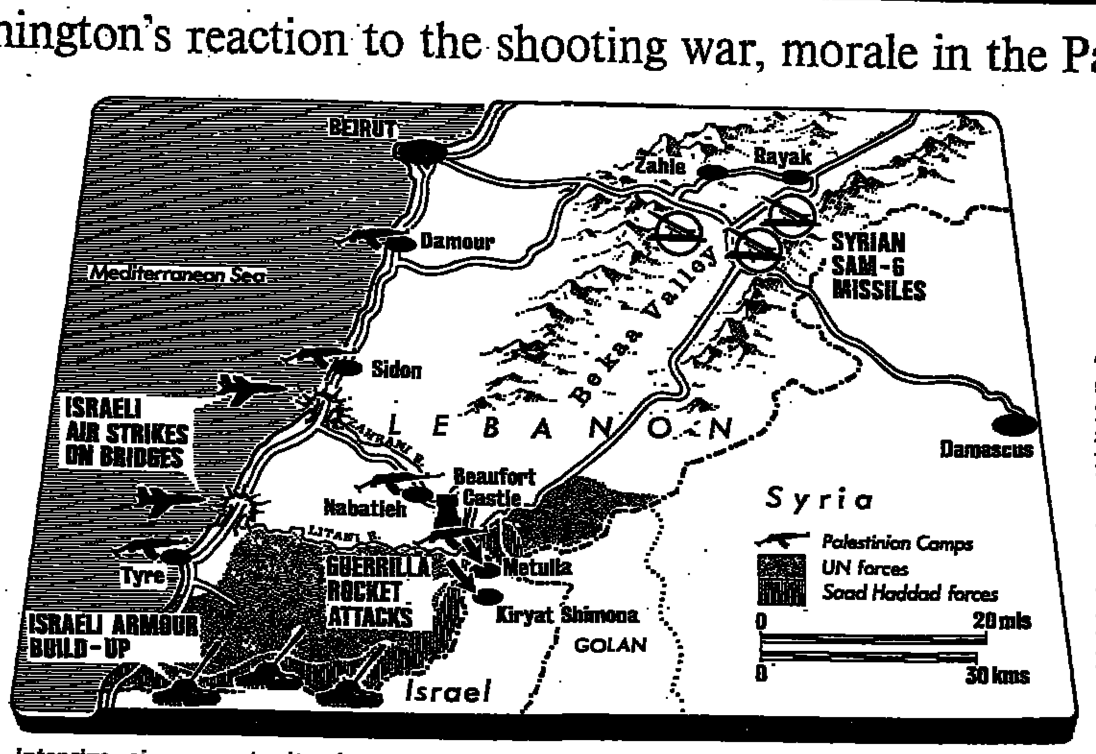
Yet within three months, the guerrillas had all the arms destroyed by the Israeli's replaced by new and more sophisticated weapons. Gradually, the guerrillas have since turned themselves in southern Lebanon into a semi-regular force, bringing in heavy artillery, rocket launchers—each of which can fire 40 Grad missiles at once—and heavy tanks. The Grad is an improved version of the Soviet-made Katyusha rocket.

Captain Jebril has disclosed that the guerrillas in southern Lebanon now also possess Sam-9 anti-aircraft missiles.

Since the present round of fighting began, Libya has again promised to replace all the weapons lost by the guerrillas and Saudi Arabia this week pledged $20m for the PLO and a similar amount for Lebanon, over and above its annual contribution to the Palestinians of about $100m.

Most of those doing the fighting have been born in the Palestinian diaspora or since the creation of the state of Israel 33 years ago. Their children serve as "guerrilla cubs" to provide reserve manpower.

A Palestine intellectual sums up philosophically the long-term view of the resistance movement: "Israel invests its American-supplied military might against the Palestinians because it does not want to bring itself to face what is now widely regarded as a fact—namely, that the Palestinian question must have a political and not a military solution."



Israel hots up war of words

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Cabinet met in secret session yesterday to discuss the fighting with the Palestinian guerrillas in Lebanon and the deteriorating relations with Washington, after Mr Casper Weinberger, the U.S. Defence Secretary, blamed Israel for the escalation of the fighting in the north.

There was a full in the cross border action during much of the day, but in the afternoon Israeli fighters bombed a Palestinian artillery position at Hasbaya in southern Lebanon this was expected to provoke Palestinian retaliation.

The Cabinet held its second emergency session within two days as Mr Philip Habib, President Ronald Reagan's special envoy, was due to return to Israel. He is to meet Mr Menachem Begin, the Prime Minister, early this morning to report on his talks in Beirut and Saudi Arabia which were designed to bring about a ceasefire.

Even as the shooting war appeared to be easing, the war of words between Jerusalem and Washington was heating up. The Israeli Government was angered by Mr Weinberger's remarks that the Reagan Administration regards Mr Begin as the major culprit in the fighting with Lebanon and his accusation that Israel had derailed the peace efforts of Mr Habib with his bombing in Iraq and Lebanon.

The Prime Minister's office issued a statement describing these accusations as "astonishing" and said that despite frequent talks with the U.S. envoy, he had never indicated to the Premier that he was on the verge of reaching a resolution of the crisis over the Syrian missiles in Lebanon.

Responding to Mr Weinberger's remarks that Mr Begin's course "cannot really be described as moderate at this point," the Premier's office said his restrained reaction to the U.S. accusations was in itself "illustrative of the Prime Minister's manifest moderation."

The Israeli army spokesman in Tel Aviv yesterday denied Palestinian claims that Israel launched helicopter-borne commando raids on guerrilla targets in southern Lebanon early yesterday morning.

The spokesman also denied that Israel attacked the oil storage and refiner installations at Zahrani in Lebanon.

Lawyers resist Sadat

By Anthony McDermott in Cairo

EGYPT'S lawyers continued their resistance yesterday to President Anwar Sadat's attempts to bring the Bar Association under closer government control.

On Wednesday, the People's Assembly passed a Bill dissolving the Association's council, elected in December, 1979 for a four-year term.

This was in response to a request from Mr Sadat to set up an inquiry into the activities of the Association, which has always been critical of the Camp David accords and the peace treaty with Israel.

The Government is acutely sensitive to any criticism of peace with Israel, for fear of placing in jeopardy the return of the occupied Sinai to Egypt next April.

A sit-in by lawyers at the Association's building which has already lasted four weeks, is to be continued. Mr Ahmed Khawaga, the Association's deposed chairman, is to challenge the new Bill.

This Bill also entrusts Mr Ahmed Samir Sami, Justice Minister, with setting up an interim 30-member Bar Council to amend the Association's laws in time for fresh elections next year.

Rajai set to win Iran poll today

By Our Foreign Staff

IRAN'S Prime Minister, Mr Mohammed Ali Rajai, is considered certain to win today's presidential election and succeed Mr Abolhassan Bani-Sadr, dismissed from the post after impeachment by the Majlis (parliament), just over a month ago.

The poll takes place amid fears of widespread violence and disruption by the underground opposition Mojahedin group.

Tension was heightened yesterday by the assassination of a relative of Ayatollah Mohammed Beheshti, who was himself among the 72 members of the ruling Islamic Republican Party killed in the explosion at its headquarters in Tehran on June 28.

Hojatoleslam Seyyed Hasan Beheshti, a candidate in a by-election for the Majlis, was shot dead in Isfahan. Tehran Radio announced that the crime had ben carried out by "a number of American imperialist agents."

Mr Rajai is the candidate of the ruling Islamic Republican Party (IRP) and has the blessing of Ayatollah Khomeini, Iran's revolutionary leader. He seems assured of success in an election which the clergy have been called on to help administer.

Mr Rajai is opposed by three of the 70 aspirants who were approved fit to run for office by the 12-man Council of Guardians. The IRP apart, the poll was boycotted by all political parties, except the Tudeh Party, the Moscow-line Communist grouping.

In line with Ayatollah Khomeini's insistence that the republic should be "100 per cent Islamic," the other approved candidates all have the required religious credentials.

They are Mr Ali Akbar Parvaresh, the Deputy Speaker of the Majlis, who also sits on the Supreme Defence Council; Mr Habibollah Askaroladi Mossalman, a Majlis member and a leader of the "Party of God" militant demonstrators, and Mr Abbas Sheybai, formerly Minister of Agriculture who is also a parliamentary Deputy.

Thai defence spending up by 19%

By David Butler in Bangkok

PRIME MINISTER Prem Tinsulanonda's Government has submitted to the Thai Parliament a budget for 1982 that includes a 19.5 per cent increase in defence spending.

The armed forces received an increase of about 19 per cent last year, reflecting Thailand's anxieties over the presence of an estimated 200,000 Vietnamese troops in neighbouring Kampuchea.

The budget, for the fiscal year beginning October 1, projects an outlay of Baht 161bn (£3.8bn), representing an increase of 15 per cent over this year's spending, corresponding roughly to the country's inflation rate.

Besides the military, major appropriations also go to agricultural development projects. These emphasise developing water resources and creating jobs in the countryside to retard the seasonal migration of farmers to the capital.

The infertile north and north-east, where poverty is deepest, are targeted for special programmes.

The budget coincides with the beginning of Thailand's fifth Five Year Plan, and also includes a major accounting reform. For the first time, provincial authorities will be able to draw on budgeted funds without seeking further approval from Bangkok.

Although the national defence budget ranks third in a breakdown by categories, its increase over fiscal 1981 is the highest of all appropriations.

The biggest losers are Thailand's quasi-autonomous state enterprises—such as utilities and the tobacco monopoly—in keeping with government policies to make them more financially responsible.

The fund for debt repayment is cheduled to rise by 13 per cent to Baht 21bn (£500m).

Inflation rate falls

AUSTRALIA'S inflation rate has dropped from 9.5 per cent in March to 8.8 per cent for the year to June 30, according to figures issued yesterday by the Australian Statistics Bureau, Patricia Newby writes from Canberra.

East African countries to discuss opening border

BY MICHAEL HOLMAN

HEADS OF STATE from Kenya, Tanzania and Uganda are due to meet in Nairobi today for a key summit which could lead to the eventual reopening of the Kenya-Tanzania border.

The three presidents will discuss a mediator's report on the distribution of the assets and liabilities of the East African Economic Community, which collapsed four years ago. Failure to agree on the dispersal of common utilities have been a major obstacle to the reopening of the border between Kenya and Tanzania, closed by the latter in 1977.

The border issue is understood to have been raised informally by the presidents when they attended last month's Organisation of African Unity (OAU) summit in Nairobi. Although reopening will have little immediate economic impact it would be a major step towards co-operation within the region.

Efforts to improve relations have been bedevilled by instability in Uganda since the overthrow of President Idi Amin in April 1979. A further factor has been the suspicion held by the broadly capitalist government of President Daniel Moi of Kenya about the intentions of President Julius Nyerere of Tanzania, a committed socialist, and his close friend, President Milton Obote of Uganda.

However, relations between Uganda and Kenya have markedly improved since Dr Obote returned to office last December, when he made it plain that he welcomed the traditional close trade links with Nairobi.

President Nyerere has also held out an olive branch. A year ago he told his parliament that he wanted the border reopened once agreement had been reached on the distribution of the community's assets.

Kenya, which has the most advanced industrial and commercial sector of the three countries, stands to gain most should the border reopen. But a major problem is Tanzania's acute shortage of foreign exchange, which has resulted in falling imports and arrears in payments to suppliers. Even if the border is reopened Tanzania will want to negotiate tariff barriers to protect her own fledgling industries.

AMERICAN NEWS

WORLD TRADE NEWS

Washington Star forced to close

BY DAVID BUCHAN IN WASHINGTON

THE WASHINGTON STAR, the oldest newspaper in the U.S. capital and its only afternoon daily, will cease publication on August 7 because of "mounting financial losses" its owners, Times Incorporated announced yesterday.

The move gives the Washington Post a news monopoly in the city.

Time Incorporated, which bought the Star three years ago for $20m (£10.8m), said it had spent $85m on the paper, but it had failed to make a dent in the Post's advertising and circulation.

"Despite our substantial investment, the newspaper continues to lose money and shows no prospect of financial improvement. Regrettably, we have no choice but to close it," Mr Richard Munro, Time's president said at a Press conference.

A weak hope was held out that yesterday's announcement might bring forth a buyer for the Star. But Mr James Shepley, chairman of the Star board, said he had approached several potential purchasers with no response. While several unsolicited inquiries had been made, none were serious.

"We gave it our best shot, but came a cropper," Mr Munro said. It was in the shareholders' interests to pull out.

Time Incorporated put the net cost, after tax, of its ill-fated Star venture "in excess of $35m." Most of the investment had been already written off. A reserve would be set up in Time Incorporated's third quarter to meet a remaining $17m loss.

The Star's closure continues a sorry trend across the U.S. of failing afternoon papers leading to one-newspaper local monopolies.

During Time Incorporated's ownership, the Star's circulation declined, but is still about 320,000 on weekdays and only slightly less on Sundays. Many British national newspapers, for instance, can ride along on such sales. But like every U.S. newspaper, the Star has a low cover price—20 cents. The main source of revenue is thus advertising, where competition is naturally tough from television and radio.

Many observers feel that the Star is probably one of the best afternoon dailies in the U.S. Its problem has been competition from the Post, which has a 75 per cent share of available advertising. In another city, the Star could easily have held its ground.

Its loss is taken especially seriously, as it leaves only one voice, that of the liberal Post, in the country's capital.

In the past 20 years the Post has become the premier paper, the natural conduit for Administrations to leak their secrets and to fly their trial balloons.

But the Star has provided a valuable editorial counter-balance with a more conservative point of view than the Post. Its national political news coverage is considered an outstanding achievement of its political editor, Mr Jack Germond.

Its foreign coverage has been patchy and bland recently, relying on Time's correspondents. But it has other features such as a splendid gossip column, known as "the ear," written by an Englishwoman, and some high-calibre feature writers.

Happily, the Star is not to close before the British royal wedding, which is being covered by Judy Bachrach. Her coverage of the Jeremy Thorpe trial—unaffected by British reporting restrictions—was a high point in recent American journalism.

If Time Inc. could not make a go of the Star, then it must be doubtful that other organisations with fewer financial resources can.

The Star staff were yesterday angry with Time Inc over its past promise to invest in the paper for five years. But Mr Munro pointed out that this commitment was only to spend $60m over five years, and Time Inc. had spent more than that already.

A measure of the Star's desperation was that it approached the Post several months ago with a view to sharing the Post's printing presses. Such an arrangement is permitted as an exemption from U.S. anti-trust law under the Newspaper Presentation Act. Separately owned papers in some 22 U.S. cities use joint presses, but the Post and the Star failed to agree on a working formula.

Japanese to buy more oil from Mexico

TOKYO—Japanese oil companies have agreed to continue buying 100,000 barrels of oil daily from Mexico and eventually to take "up to" 200,000 additional b/d, according to a joint communique issued with Mexico's state oil monopoly yesterday.

Japan's Mexican Petroleum Import Company (NEP) said it will start buying more oil after working out a purchase schedule with Mexico "as soon as possible," but did not necessarily commit itself to increasing Mexican crude oil purchases to 300,000 b/d, as Mexico has proposed.

In the joint communique, Petroleos Mexicanos (Pemex) announced that from now on it will be setting oil prices in proportion to the amount of light and heavy crudes in the "mix" it sells. NEP now will apparently be allowed more choice in the kind of crude it buys, an important concession to oil refiners since many have been asking for a lighter mix.

The change in its pricing system may provide Pemex with a discreet way to back down from the $2 light-crude price increase it has been pushing despite a worldwide oil glut and slack demand for the heavier, less-desirable crude Mexico mainly exports. AP-DJ

Reuter reports from Tokyo: Japanese oil imports fell to a three-year low in June, averaging some 3.5m b/d according to figures from the International Trade and Industry Ministry.

Two years ago Japanese imports were about 5m b/d and of those of the U.S. 8m. Japan's June imports of 102m barrels were down 14.6 per cent on June last year. Oil imports this year were down 9.4 per cent on the same period in 1980.

● Mexico is considering supplying oil to Italy for the first time as part of its aim to recoup recent export losses, Reuter reports from Mexico City. Sr Jose Lopez Portillo, the Mexican President, said the country's current oil supplies caused by delivery cancellations by many clients could allow it to supply Italy. A revision of Pemex's client list was now under way, and this meant Italy, which once had asked for Mexican oil but was turned down because of commitments to other clients, could not be considered.

Seven projects push investment in Ireland to £478m this year

BY STEWART DALBY

NEW INVESTMENT in Ireland by foreign companies this year has now topped the I£600m (£478m) mark following the announcement this week that another seven U.S. companies will set up plants in the Republic.

The new projects are worth I£13m and could create 1,100 jobs, and contribute to an estimated total foreign investment figure of I£2.4bn.

Ireland's Industrial Development Authority, the Government agency spearheading foreign investment programmes, said this week that 80 per cent of the total figure has come in the last ten years, and more than half of it is from U.S.-based companies.

The seven new companies are dominated by electronics concerns, and comprise General Semiconductors Industries, Bourns Incorporated and Timeplex Ireland Ringcon Industries, GEAC/Informer, Acco World Corporation and Cado systems.

The electronics sector has been the most dynamic of all those investing in Ireland. There are nearly 100 companies employing 15,000 people. They account for exports of just over I£600m of an export total of just over I£5bn for the country as a whole.

The IDA said that there are now 800 foreign companies, many of them small, high-technology concerns, operating in Ireland.

The Authority's announcement follows decisions last week that another four U.S. companies, again dominated by electronics and precision engineering concerns, would set up operations in Ireland, largely to serve the European market.

In addition, Precision Monolith of the U.S. said last month that it was undertaking a project costing I£13m and which would eventually employ 800.

The IDA says that the rate of investment could mean creation of 18,000 new jobs this year.

In the decade 1970-1980 an estimated 100,000 new jobs were created by IDA-assisted projects. The total work force of the country is around 1.1m. About one-third of this employed in manufacturing industry.

At the moment only Analog Devices conduct the entire process of designing, developing, fabricating, testing and assembling the so-called "microchips." But two other foreign concerns, Mostek and Fujitsu, plan to move into complete integrated operations.

The IDA feels that, given the high cost of starting up chip manufacturers, a small nucleus of five or six concerns is sufficient development target for the time being.

An industry of possibly 2 companies of chip users could then be in place by 1985, and they would be concerned with the high technology industry computers end of the market rather than consumer products. They could be responsible for I£1bn in exports.

Retail inflation in U.S. steadies

BY DAVID BUCHAN IN WASHINGTON

U.S. CONSUMER prices rose in June by 0.7 per cent, the same as in May, the Government said yesterday.

This confirms that inflation at the retail level in the U.S. has steadied — monthly increases in the Consumer Price Index (CPI) have been below 1 per cent since February —though not necessarily that it has slackened.

The Reagan Administration is expected to take this as fresh evidence that the tight money policy it has urged on the U.S. central bank, the Federal Reserve Board, is working, and should be complemented by speedy congressional passage of its budget and fiscal plans.

President Reagan and his advisers fended off foreign criticism at the Ottawa summit of high U.S. interest rates and their impact abroad with assurances that both inflation and interest rates would soon come down in the U.S.

The decline in real Gross National Product during the April-June quarter—announced this week—also brought welcome news of depressed inflation. This was confirmed by the latest CPI figures which now show an increase at an annual rate of 7.4 per cent in the second quarter, compared to 9.6 per cent in January-March.

Two factors offset each other to keep the June rise in the CPI the same as in May. Housing prices and, more particularly, mortgage interest rate costs rose, but the effect of this on the index was negated by petrol prices which continued their early summer decline.

Food prices, perhaps the most volatile element in consumer spending covered by the index, did not take off, as some analysts had feared. They rose only 0.2 per cent, far less than the 1.1 per cent rise in housing costs and the 1 per cent increase in medical costs.

The Reagan Administration admits to some luck in the relative recent declining or stable food and energy prices, two commodities outside their control. But it takes credit for the relative recent price stability in other areas, where it believes its tight money policy has been beneficial.

The combination of slower economic growth and a slower rise in U.S. prices can be expected to improve the country's balance on trade with the rest of the world.

European TVs for U.S. market

BY STEWART FLEMING IN FRANKFURT

INTERNATIONAL Telephone and Telegraph, the U.S.-based communications conglomerate, is test marketing European-made televisions in New York in preparation for a possible assault on the U.S. television market.

This follows a decision to concentrate main television production on a plant in West Germany, from there exporting to world markets.

In some export markets, Argentina for example, some assembly work is done and the company still has a substantial UK assembly facility.

ITT is believed to be the only European television manufacturer exporting to the U.S. This opportunity arose, the company says, partly because of exchange rate changes, but also because of the major reorganisation of its European television interests in the past three years.

Three years ago it was in the thick of negotiations to sell its television interests in Europe. ITT then reversed its policy, closing uneconomic plants and investing heavily in a plant at Bochum, West Germany, which this year is expected to produce about 1m sets.

ITT's television operations worldwide are being coordinated through its West German subsidiary Standard Elektrik Lorenz. The company forecasts that its consumer division will be profitable again this year, largely because of the improved performance of its television operations.

Turnround of global properties Page 12

Chrysler pact on profit sharing

BY LACHLAN DRUMMOND IN NEW YORK

Chrysler Corporation and the United Autoworkers Union have reached agreement on a profit-sharing scheme one day after the ailing U.S. car maker announced that it was back in the black for the first time in 2½ years.

Under the deal the 67,000 UAW members employed by Chrysler will receive a $50 cash payment in October and will share in any future earnings from 1982. This requires approval by the Federal Government's Chrysler Loan Guarantee Board, which was set up to monitor Chrysler's activities as a result of the Government granting loan guarantees to the company totalling $1.2bn.

The profit sharing plan was agreed in principle in January and is additional to an existing agreement on employee share ownership. Under this plan 5.99m Chrysler shares were issued to an employee trust last month with a value of $40m. A further $40m of shares will be issued in each of the next three years.

Under the plan agreed yesterday UAW employees will receive 15 per cent of any profits the company earns in excess of 10 per cent of its net worth. The employees can elect whether to accept the share of profits as stock or as a credit towards the purchase of Chrysler products. The credits will be worth 50 per cent more than the stock option.

The UAW's deal with Chrysler does not suggest there will be any swing to such schemes in the motor industry because of the troubled company's specific circumstances. The company already has Mr D. Fraser, the UAW president, as a board member and the UAW has conceded considerable pay concessions to help the company through its financial crisis. Earlier this month the UAW and Chrysler received government approval for a plan to defer payment of a $250m pension fund entitlement and to complete the payment through instalments.

Chrysler on Wednesday reported a $11.6m net profit for its second quarter after running up losses of $3.11bn in the preceding 27 months. It is expected to show a $250m loss for all of the current year.

Grave facts on cost of dying

By David Lascelles in New York

THE COST of dying, like everything else in the U.S. may be going up. But the U.S. Government wants to be sure that the deceased get a fair deal as they depart this world.

After spending six years investigating widely-publicised questionable practices in the nation's huge funeral service industry (turnover 1.9m souls a year), the Federal Trade Commission this week issued a set of rules which will force funeral parlours to disclose more information about the price of their goods and services.

The furore erupted in the 1970s with allegations that undertakers were exploiting the highly-emotional state of the bereaved to charge exorbitant prices—and even perform services that were not asked for, such as embalming.

People were often cremated or buried in unnecessarily expensive trappings because cheap caskets and coffins were not advertised.

Undertakers also made a practice of refusing to discuss prices and services over the telephone, so as to entice the bereaved into their parlours and give them the soft sell amid the funeral drapes and dirges.

"The typical purchaser of funeral goods and services is about as far removed from the textbook image of the rational, sovereign consumer as he or she could be," said Mr Michael Pertschuk, the Federal Trade Commissioner, in his report.

The report also said that at no other time in their lives do the bereaved have to make such quick or expensive decisions under such emotional strain as in the funeral parlour.

The new FTC rule will require undertakers to provide full lists of their goods and services, along with prices. They will also be obliged to discuss terms over the telephone, and they will not be allowed to force people to buy expensive caskets for cremation when inexpensive wooden boxes are available.

The rule must still be approved by Congress, which has 90 days to raise objections. The funeral parlour lobby is already marshalling its forces for a fight.

The National Funeral Directors' Association maintains that it is being unfairly discriminated against, because other industries are not required to price their wares so openly.

But the funeral industry has already won part of its battle by persuading the FTC to reject even tougher proposals that would have forced undertakers to fix price tags to their coffins and caskets, and itemise their bills.

One consumer group representing elderly citizens was reportedly dismayed by the rule, terming it "feeble."

Tokyo shipyard in £64m contracts

Sanoyasu Dockyard has won two orders from the U.S. and Norway to build a total of five bulk carriers worth Y28bn (£64.3m), Reuter reports from Tokyo.

Mowinckels Rederi of Norway ordered two 60,000-dwt carriers worth Y13bn and Lygnos of New York ordered three 40,000-dwt carriers worth Y15bn.

Japanese cars take 90.7% of market

Japan's share of Australia's car import market reached 90.7 per cent in the year to June, up from 84.4 the previous year, according to Statistics Bureau figures, Reuter reports from Canberra. A total of 109,009 cars were imported, up from 94,077 in 1979-80.

W. German weapon system for Australia

Krupp-Atlas-Elektronik of Bremen has won a A$12m (£7.3m) contract from the Royal Australian Navy to supply weapon systems for two prototype minehunter catamarans to be built this year, Patricia Newby writes from Canberra.

Thyssen to build trains for Iraq

Thyssen Henschel of West Germany said it has received a DM 250m (£55m) contract from Iraq to build 22 locomotives, Reuter reports from Kassel. Delivery of the locomotives will begin towards the end of next year.

India aims at 18% export rise

BY K. K. SHARMA IN NEW DELHI

ALARMED by the massive trade deficit of Rs 55bn (£3.2bn) in 1980-81 which has sharply eroded foreign exchange reserves, the Indian Government has set an export target of Rs 84bn for 1981-82. This involves a growth in export value of 18 per cent over the previous year.

A rapid rise in exports is needed to fund the growing import bill which reached a record Rs 117bn in 1980-81 as well as to provide a cushion for the six five-year development plan (1980-85), according to Mr Pranab Mukherjee, the Minister of Commerce.

The Government has given a number of incentives for the increase in exports. These include tax-free concession to industrial units which undertake to export their entire production. Mr Mukherjee said that 95 applications under this scheme had been received so far and approval has already been given to 34.

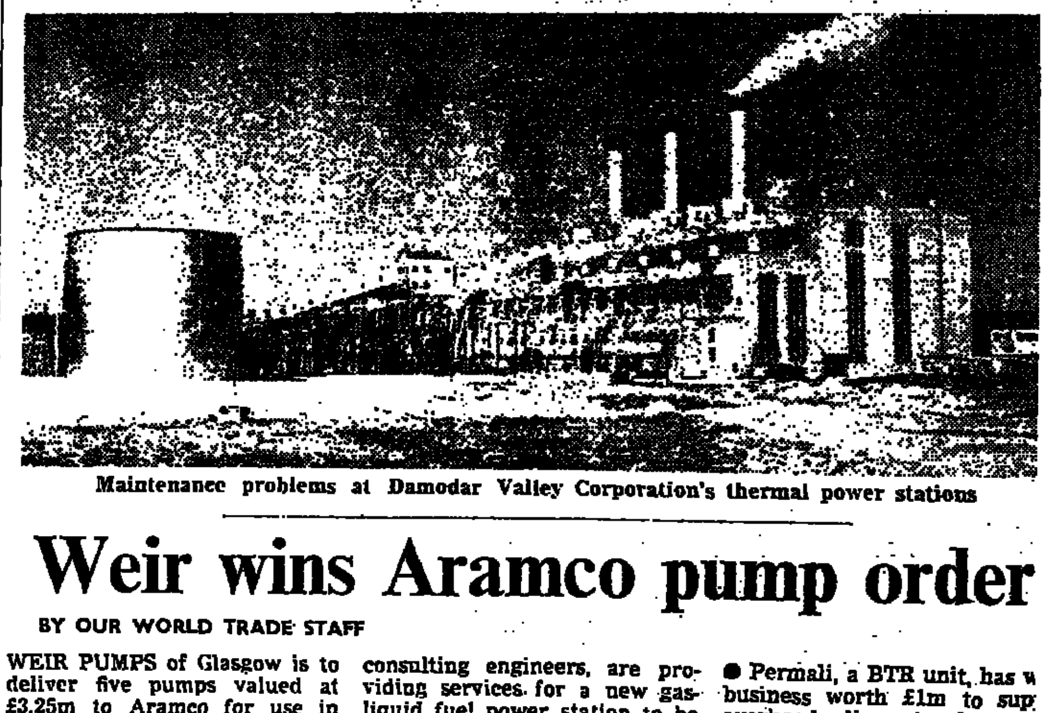
Mr Mukherjee also expects substantial earnings from project exports. In the past six years, India has won contracts worth Rr 40bn, mainly in the Middle East. So far this year, contracts worth Rs 18bn have been won by Indian companies.

The main reason for the large trade deficit is the high cost of oil which now accounts for 78 per cent of export earnings. But there has also been a setback in traditional exports like sugar, leather and leather goods, marine products and spices.

However, certain non-traditional items like engineering goods, chemicals, plastics, linoleum, handicrafts and woollen goods have registered increases of 30-60 per cent.

● P. C. Mahanti writes from Calcutta: India is to invite a team of British experts to Calcutta to study maintenance problems at the vital thermal power stations of the Damodar Valley Corporation (DVC), according to Mr A. B. A. Ghani Khan Chowdhry, Federal Trade Minister.

The DVC's plants have a rated capacity of 1,300 Mw, but since June output has averaged about 400 Mw.



Maintenance problems at Damodar Valley Corporation's thermal power stations

Reagan praises Thatcher's role

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Reagan, reflecting on this week's Western economic summit, has singled out Mrs. Margaret Thatcher and President Francois Mitterrand of France as having played key roles in the Ottawa talks.

Chatting to reporters on the way home, Mr. Reagan said that Mrs. Thatcher, for whom he felt "great admiration and great respect," had on several occasions solved disputes over the summit's final communique by coming up with compromise wording.

"There were many times in those meetings when it was Mrs. Thatcher who spoke up and put her finger on the thing we were trying to resolve," he said.

Mr. Reagan's comments were in sharp contrast to the rather acid remarks about Mrs. Thatcher's performance made by French and West German delegates in Ottawa—a further indication, if one were needed, that it is today more often the English Channel than the Atlantic that separates the Western allies.

In Ottawa, Mr Reagan apparently spoke frequently to his senior advisers about "the great calming-influence, the constructive influence" of Mrs. Thatcher. He was pleased that she persuaded him and most of the other leaders to discard their prepared opening statements at the first dinner on Sunday evening, and hold an informal "free-wheeling" discussion.

What really broke the ice at the dinner, however, was an early statement of France's firm commitment to the Western alliance by President Mitterrand.

Mr. Reagan said that on hearing it, he was "a little bit" surprised—but very pleasantly. Mr. Mitterrand's remarks on the Soviet threat "sounded like me," Mr. Reagan said.

Mr. Reagan, who had been warned by his advisers not to bring up the question of Communist Ministers in France, found to his delight that M. Mitterrand was "a man that, I would say, is more in line with the thinking of all the rest of us."

Weir wins Aramco pump order

BY OUR WORLD TRADE STAFF

WEIR PUMPS of Glasgow is to deliver five pumps valued at £3.25m to Aramco for use in the development of the Ghawar oilfield in Saudi Arabia.

The pumps inject water at high pressure into the oil bearing formation so that the flow of oil can be maintained.

The order came through the Saihati Trading Corporation of Saudi Arabia. Delivery will be in the second half of next year.

Weir has been supplying pumps to Aramco for the Ghawar field since 1979. So far 14 large water-injection pumps have been delivered from earlier orders.

● Ewbank and Partners, the consulting engineers, are providing services for a new gas-liquid fuel power station to be built at an approximate cost of £350m by the National Electricity Board in the Malaysian state of Trengganu. Tenaga Ewbank Perunding of Kuala Lumpur and Ewbank of Brighton are to engineer the power station. The civil sub-consultant is Elmec Consultant of Kuala Lumpur working with L. G. Mouchel and Partners of Weybridge.

● Baker Perkins has received an order for a four-unit web-offset press worth £1.3m from Imprimerie Bourge Bourger Sarl of Luxembourg, its first order from continental Europe.

● Permali, a BTR unit, has won business worth £1m to supply overhead line insulators to Saudi Consolidated Electric after a field trial lasting 2½ years.

● Rolawn Group of York is to undertake £1m worth of landscaping works for the General Laing Joint Venture, developing the Queen Alia International Airport at Amman, Jordan.

● McCorquodale Machine Systems of Crewe has signed contracts to supply cheque personalisation equipment valued at £1.5m to the Dutch Post Giro. An order for four machines brings the total ordered by the Dutch Post Giro to 10.

Kuwait in Ecuador oil venture

BY HUGH O'SHAUGHNESSY IN QUITO

SHELL and the Kuwait National Oil Company are planning a joint oil exploration venture in Ecuador, Sr Cesar Robalino, Ecuadorian Minister of Finance and Public Credit, has said.

Sr Robalino added, however, that the venture would probably not go ahead until new regulations for foreign oil companies were agreed by Congress, a process which would take until the end of the year.

Sr Robalino said in an interview in Quito that he had had discussions with Sheikh Al-Sabbah, the Kuwaiti Oil Minister, earlier this year.

The joint venture will be one of the first oil projects undertaken in Latin America with the participation of an Arab oil state.

Ecuador, one of the smaller members of Opec, needs to find more oil if it is to remain an appreciable oil exporter. Production has been rising more slowly than domestic consumption and there have been suggestions that later this decade Ecuador will become the first member of Opec to be a net oil importer.

In the first five months of this year oil exports totalled $532.4m (£286m) as against $575.1m for the same period last year.

Sr Robalino was optimistic that oil production would this year reach a record 42m barrels. He admitted that the drilling of CEPE, the state oil corporation, had been held up by shortages of drilling rigs.

CEPE, meanwhile, announced on Wednesday that in the first six months of the year nine wells had been drilled and 16 more were scheduled to be drilled in the rest of 1981.

Congestion cut at China's ports

BY TONY WALKER IN PEKING

CONGESTION at China's ports has been reduced and most are functioning normally, according to Mr Peng Deqing, Minister for Communications. He said in an interview in the English-language China Daily that problems of co-ordination were being overcome.

His remarks follow criticism by foreign shipowners earlier this year of inefficiency at the ports. Some shippers reported delays of three months or more.

The congestion meant China was hit by large demurrage claims. The World Bank, in a report this year, said upgrading port handling capacity should be a priority.

Mr Peng said that in spite of cuts in spending for other sectors of the economy, funds for port development were increasing.

At ports such as Shanghai and Tianjin work was going ahead with the construction of more deep-water berths. Several were expected to be completed this year.

China has 144 deep-water berths capable of handling ships of more than 10,000 tons, he said. The amount of freight going through the ports was more than 200m tons annually.

The maritime fleet had grown to more than 500 vessels with a total cargo tonnage of 10m.

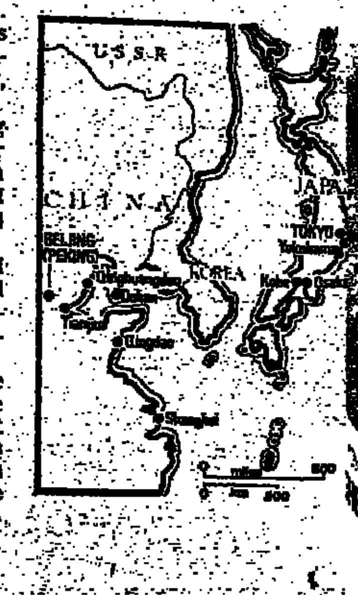
In line with port-handling modernisation, China is pushing ahead with constructing container facilities.

Last week a new container service began between Tianjin, the major port in north China, and ports in Japan, such as Osaka, Kobe and Yokohama. There are container services between Shanghai and Australia, New Zealand, Hong Kong, West Africa and the U.S.

The China Ocean Shipping Company plans to open regular container services between Dalian and Japan, Qingdao and Japan, and Tianjin, Canton and Western Europe.

The China National Technical Import Corporation has called for tender to instal port-handling equipment at Qinghuangdao on the north-east coast.

Qinghuangdao is one of the projects being funded by the Japanese under a development assistance loan negotiated in 1979. The port's capacity is being expanded so it can handle bigger coal shipments to Japan.



Mexico to raise domestic petrol prices

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO WILL increase domestic petrol prices this year for the first time since 1976, to make up some of the shortfall in government revenues, a senior government official said yesterday.

The official declined to say what the price increase would be and when it would occur. It was a matter of finding the "opportune" moment, as the issue was a "political hot potato."

Mexico raised the price of its "high-quality extra" petrol by 75 per cent last year to 61p a gallon, but less than 5 per cent of motorists use this grade.

A gallon of ordinary-grade "Nova" petrol at present costs only 25p a gallon. It is estimated that every peso increase in the price would increase the revenue of Pemex, the state oil concern, by Pesos 17.4bn (£383.2m) a year.

But the price increase issue is discussed every year and the Government invariably backs down in the face of opposition.

Government revenues are falling sharply, partly because of the drop in the price of Mexico's exported oil and cuts in orders by clients but also because of low world silver prices and reduced internal tax returns.

On the other hand, expenditure is much greater than was budgeted. Budget cuts were introduced last week, but they are unlikely to dent the chronic public sector deficit.

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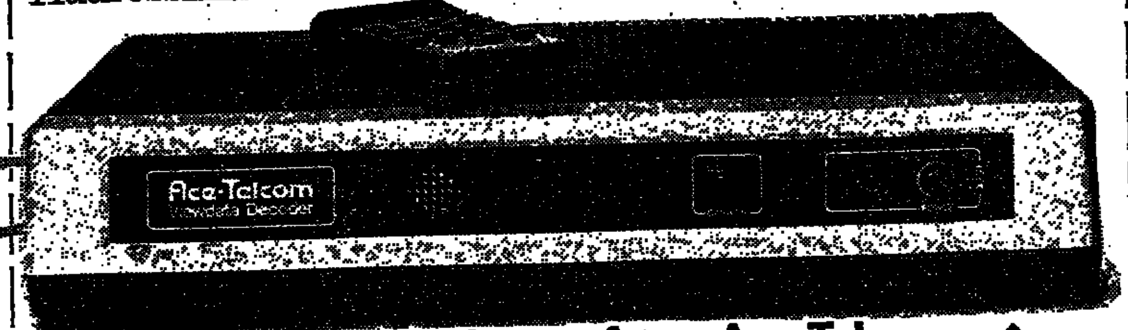

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Institutions invest £706m abroad in first quarter

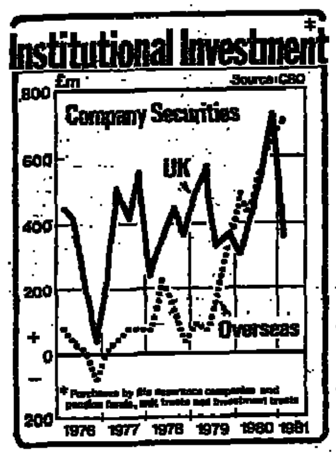
BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH FINANCIAL institutions are investing more of their new funds in overseas company securities than in domestic equities.

Central Statistical Office figures published yesterday show that City institutions (mainly pension funds, insurance companies, unit and investment trusts) acquired an additional £706m of overseas company securities in the first three months of this year. This compares with purchases of UK company securities of £352m in the same period.

This total was, however, dwarfed by the response to the British Government's continued heavy demands since purchases of gilt-edged securities by financial institutions generally (also including building societies) totalled a record £2.3bn.

The pattern of institutional investment has changed significantly since outward exchange controls were first relaxed and then abolished in 1979. In the 18 months to last March, purchases of overseas company securities amounted to £3.05bn, twice as much as in the previous five years combined.



Over the same 18 months, buying of UK company securities totalled £2.49bn, roughly the same level as the previous couple of years. Purchases of property were £2.9bn over this period. Buying of gilts amounted to £8.9bn.

The big jump in purchases of overseas company securities may in part have reflected a once-and-for-all adjustment of the balance of portfolios in view of the new freedom after the end of controls. It is also likely that a larger share of inflows will go abroad on a continuing basis than in the past.

In the first three months of this year, for example, just over 18½ per cent of the net inflow into pension funds and life assurance companies went into overseas equities.

This trend has implications both in the short-term in offsetting any upward pressures on the exchange rate (and possibly contributing to the recent fall) and in the long term in providing a stream of investment income back into the UK for the time when revenue from North Sea oil operations starts to tail-off.

£400m gas plant order hope for Britain

By Ray Dafter, Energy Editor

BRITAIN'S process plant manufacturers are in line for £400m-worth of orders arising from the development of the British Gas Corporation's offshore Morecambe and Rough Fields.

The potential investment in process equipment was outlined at a seminar in London yesterday, organised by the Process Plant Association. First orders are expected to be placed within the next few days for the ambitious Morecambe project in the Irish Sea.

Both the Morecambe gasfield and the redesigned Rough Field production facilities in the North Sea are due to be completed by 1984.

British Gas officials said that historically the Corporation had bought 95 per cent of its process plant hardware from British sources. The Corporation wanted this trend to continue providing manufacturers could tender competitively.

Mr Harry Hornsby, director-general of the association, commented: "British Gas said that British manufacturers would have a full and fair oportunity to bid. Adherence to agreed delivery promises will be of paramount importance."

● British Gas has awarded two new contracts for detailed design work associated with the £1bn Morecambe development. The consulting engineers W. S. Atkins and Partners of Epsom have been asked to undertake the design of the control and communication systems associated with the flow of gas to the shore terminal. Cable and Wireless will help Atkins with some aspects of this work.

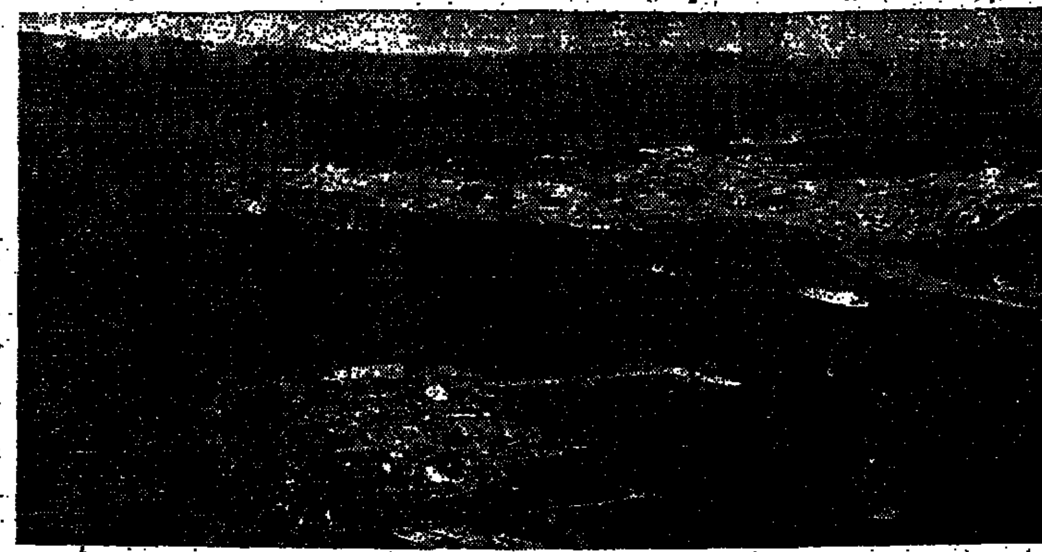
The other contract, covering the design of pipelines within the field area, has been awarded to the consulting engineers J. P. Kenny and Partners of London.

Both contracts are due to be completed by next spring.

● The end is in sight for dismal trading conditions in the European oil products market, according to the latest report of the stock brokers James Capel.

Reductions in refinery operations had created a better balance between supply and demand and helped push up prices of refined products, said Mr Richard Krigsman, Capel's energy economist, in the July issue of the broker's World Energy Review report.

The temporary lull in world crude oil prices had given companies a breathing space to improve profit margins.



Sullom Voe: typifying the problems which face the Shetland Islands

Shetland joins the power game

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

A movement gathering strength in the Shetland Islands is seeking greater autonomy with a separate parliament, powers of direct taxation and the right to take the island out of the EEC.

The Shetland Movement claims a growing following among the 22,000 islanders for its aims of special status.

Already 11 of the 24-member Shetland Council are said to be supporters of the general aims of the movement, which says it has no party affiliation.

Its eight-point proposals include a call for an assembly with limited legislative powers which would legislate on finance, local industry, and control fishing and fishing limits around the Shetland Islands as well as internal administration, housing roads, piers and harbours.

The movement's proposals say that any national law applicable to the Shetland Islands and considered against their best interests would be ruled inoperative by the assembly until an agreement had been reached with the central government.

The huge oil terminal at Sullom Voe is a typical example of the problems facing the islanders. The terminal was completed in June and the construction teams which helped to build it have been laid off gradually.

While maintenance work will still be needed, the local workforce which took part in the building has no contracts ahead of it.

The 180 miles between Shetland and the Scottish mainland is telling on the relations between the two. The islanders, many of whom have Nordic rather than Scottish ancestry, feel that the remoteness of the Scottish Office in Edinburgh makes it unable to keep in touch with their needs and problems.

Members of the Shetland Council held talks this week with Lord Mansfield, Minister of the Scottish Office for the Highlands and Islands, and repeated a long-standing request for a special inquiry into the constitutional status of the island.

An inquiry was in motion under the last Labour Government but fell because it was linked to the unsuccessful Scottish Devolution Bill.

Lord Mansfield indicated he would see if any administrative changes could be made to meet some of the Shetlanders' demands, but stressed that the interests of other island groups, such as Orkney and Western Isles needed to be considered as well.

The movement is also pressing for a fuller say in the distribution of the rate support grant from the Scottish Office, which forms just under half of the Shetland Council's £18.9m annual budget.

St. Paul's 'needs more police foot patrols'

By Lisa Wood

MORE POLICE foot patrols should be used in the St Paul's area of Bristol, according to a report published yesterday on the origins of the disturbances there over a year ago.

The report, prepared by a special committee sponsored by Bristol Trades Union Council, chaired by Mr Ian Mikardo, the Labour MP—also suggests the local police authority should set up a liaison committee with community representatives in the area under the chairmanship of the police community relations officer.

Little hope of improved job prospects is offered in the report but it urged the local authority to publicise and implement a programme of equal opportunities and to do everything possible to combat racial discrimination.

The Manpower Services Commission should strive, it said, to increase the number of black youngsters taking part on work experience schemes.

174,000 recalls ordered by Ford

FORD is recalling 174,000 Cortinas and Escorts for replacement of the engine pre-heat pipe, which ducts warm air from the exhaust to the carburettor air intake. Ford says the pipe can be damaged by high temperatures during high-speed driving.

The models affected are 172,000 1.6 litre Cortinas made between July 1979 and January 1981, and 2,000 Escort XR 3 models built between November 1980 and January of this year.

Consumer spending sharply down

BY DAVID MARSH

THE VOLUME of consumer spending has fallen sharply from the buoyant levels of earlier in the year. This is in line with the growing squeeze on real incomes, reflecting smaller wage rises and rising unemployment.

Figures published yesterday by the Central Statistical Office show that consumer spending volume fell 1.7 per cent in the second quarter, seasonally adjusted, compared with the first three months of the year.

At constant 1975 prices, spending during the second quarter is estimated at £17.8bn. That was 0.6 per cent higher than in the second quarter of last year.

The fall compared with the first three months of the year almost exactly matches the drop in retail sales between the two quarters.

Spending in the shops tailed off during the spring following unusually long winter sales promotions. Consumers draw on savings to take advantage of bargains during the round of price cutting by stores—but have since been more restrained.

Purchases of alcoholic drink and tobacco also fell in the second quarter following price rises caused by the March Budget. Consumption of fuel and light dropped to its lowest level since 1976.

The Statistical Office has already issued figures showing a 1.4 per cent drop in living standards in the first quarter. The fall is likely to have continued during the past three months, partly reflecting the rise in the tax burden decided in the Budget.

Lloyd's Bill opponents meet

BY JOHN MOORE

A GROUP of dissident Lloyd's of London insurance brokers and underwriting agents met yesterday to discuss tactics for opposing the Lloyd's Bill for improving self regulation within the market.

Led by Mr Ronald Comery, a director of Alexander Howden Group, the financial holding company with large Lloyd's broking, underwriting and other insurance interests, the dissident members discussed ways in which the Bill could be blocked.

The group is concerned about a clause that will require brokers to sell off the management companies of underwriting syndicates they control.

The group may decide to use sympathetic MPs in an attempt to block the Bill through a variety of procedural devices. An early indication of the extent of their opposition may come once a carry-over motion—which allows the Bill to continue in the next session of Parliament—comes before the Commons.

If opposed by the Howden lobby, the carry-over motion which is usually a formality could require a debate lasting up to three hours.

Although the motion has not yet been set down, this could be done before Parliament recesses next week. The motion, however, can be lodged at the beginning of the next parliamentary session.

The Howden lobby may lodge a petition to challenge the additional provision in the Bill calling for divestment of the brokers' underwriting interests. Legal advice is being sought.

Lloyd's agreed earlier this week to comply with Parliament's decision on divestment and notified a House of Commons committee chaired by Mr Michael Meacher.

Mr Comery said afterwards that Lloyd's was "ending up with a wonderful piece of surgery. But the patient will be dead. Everybody is chopping up something which has taken 300 years to create."

Private Severn barrage probed

BY MARTIN DICKSON, ENERGY CORRESPONDENT

A PRIVATE-SECTOR scheme to build and operate a £5bn electricity barrage across the Severn Estuary is being investigated by a group of four leading civil and electrical engineering companies.

GEC Power Engineering, Balfour Beatty, Sir Robert McAlpine and Sons, and Taylor Woodrow Construction disclosed this yesterday after publication of a report on the proposal.

The report, by a Government-appointed committee under Sir Hermann Bondi, concluded that it would be technically feasible to build a barrage and that it might be economic.

The Government will decide whether to back the committee's recommendation that a more detailed £20m feasibility study be undertaken.

The four companies, which formed the Severn Tidal Power Group earlier this year to promote the idea of a barrage, said they were already investigating the possibility of building and managing it themselves.

While apparently expecting some Government financial support, they said that they sought a plan which would reduce the need for government expenditure.

The power produced by the barrage, about 6 per cent of present demand in England and Wales, would be sold to the Central Electricity Generating Board.

The plan may well appeal to the Government, which has announced plans for legislation to end the CEGB's monopoly position and allow private-sector companies to generate power as their main activity.

But the uncertain economics of the scheme and the huge costs mean that a barrage is still a long way from being built.

The four companies said yesterday that it would create thousands of jobs in South-West England and in Wales, as well as in manufacturing industry elsewhere.

It was "in the long-term national interest to add diversity to the sources of electricity generation by the addition of alternative sources to coal, oil and nuclear power."

● The Government has given the CEGB planning permission to build its first wind-powered generator, at Carmarthen Bay Power Station, Dyfed, South Wales. The machine will stand about 100 ft high and have an output of 300 kW.

Bankruptcies down slightly, DoT says

Bankruptcies fell slightly in the second quarter of 1981 but still remained at a higher level than in recent years, according to British Business, the official Department of Trade magazine.

The DoT said that owing to the civil servants' industrial action reliable figures of creditors' voluntary liquidations were not available.

The DoT figures show that bankruptcies and deeds of arrangement, seasonally adjusted, fell from 1,260 in the first quarter of 1981 to 1,230 in the second quarter following a steady rise since the beginning of 1980.

Move to brighten New Brighton

THREE businessmen are carrying out a £250,000 feasibility study to look at the possibility of restoring the once popular seaside resort at New Brighton, Merseyside.

They have formed the New Brighton Development Company and drawn up a £150m scheme to revitalise the resort which had the dubious distinction recently of being classed as one of Britain's most polluted beaches by the New Scientist magazine.

The company, headed by Mr John Anton, has already spent £30,000 and is to open an office at the resort.

Tunnel director's role queried

THE POSITION on the board of Tunnel Holdings of Mr Peter Frost, the chairman of Thos. W. Ward, will be discussed at Tunnel's September board meeting.

Last month Tunnel successfully fought off an unwelcome bid from rival cement manufacturers Thos. W. Ward. Mr Frost said yesterday that no decision had been taken on what Ward planned to do with its 41.87 per cent stake in Tunnel.

Before yesterday's annual meeting, Mr Derek Birkin, chairman of Tunnel, asked Mr Frost to consider whether he could continue as a director of the company in the light of the possible conflict of interest with Mr Frost's role as chairman of Ward. Mr Frost replied that he intended to remain on the board.

IBA to advertise news franchise

THE INDEPENDENT Broadcasting Authority is to re-advertise in the first quarter of 1982 the independent local radio franchise for the news and information service in London, which includes the national and international news service provided to all independent local radio companies.

Red Cross pessimistic on Maze

BY OUR BELFAST CORRESPONDENT

THE RED CROSS team investigating prison conditions in Northern Ireland said yesterday that it could see no immediate prospect of an end to the deadlock over the hunger strikes in the Maze Prison near Belfast.

The three Swiss officials of the Red Cross had a 90-minute meeting with Mr Michael Alison, Minister of State responsible for prisons, at Stormont before returning to Geneva. Their report will be presented to the Government within a month.

Their spokesman said they fairly quickly concluded that they had no useful role to play in finding a settlement, and had moved on to examine conditions in the other Northern Ireland jails.

Mr Kieran Doherty, elected to a seat in the Dail (Irish Parliament) last month, spent his 63rd day without food yesterday. Mr Kevin Lynch was on his 62nd day.

Stewart Dalby in Dublin writes: Dr Garret FitzGerald, the Irish Prime Minister, said yesterday that he had changed his mind about making a statement on the H-Blocks situation before the Dáil dissolved last night.

It is expected to reconvene on October 20.

Dr FitzGerald said he had intended to comment but now felt that a public statement could adversely affect any slim hopes that remained of a settlement.

Observers in Dublin feel that despite Dr FitzGerald's statement earlier this week that the Irish Government had done all it could, there is again a possibility of a review of the situation from the Irish side.

Dr FitzGerald has sent out strong signals to the British Government that he feels Mrs Thatcher has handled the H-Blocks situation insensitively.

It appears that he is looking again at the possibility of discussions with the relatives of hunger strikers either directly or through third parties such as the Irish Commission for Justice and Peace.

Mr Jim Mitchell, Irish Minister for Justice, said yesterday that his Government had decided not to ban the planned anti-H-Blocks march in Dublin on Saturday, despite the fact that a demonstration last weekend resulted in 200 people being injured.

Mr Mitchell said: "Members on all sides of the House will have made their own observation of the extremely serious riots which took place in the vicinity of the British Embassy on Saturday last.

"The House no doubt will wish to join me in strongly censuring all those among the marchers, constituting a substantial minority, who clearly set out from the very beginning to cause serious personal injuries to members of the Garda Siochana and extensive damage to public and private property.

"Various suggestions have been made that the demonstration planned for next Saturday should be banned. The Government has carefully considered various factors involved and has decided at this stage not to take this course."

Industries hit back over allegations of energy waste

BY RAY DAFTER, ENERGY EDITOR

THE NATIONAL Federation of Clay Industries has hit back at the Energy Department over criticisms about the energy inefficiency of industry.

The federation said yesterday that the criticisms, made in a paper to the National Economic Development Council, were unfair and were having a harmful effect on companies.

In a letter to Mr John Moore, junior Energy Minister, the federation said such papers did "incredible damage to industrial morale at a time when the opposite is needed."

The paper, presented in April, asserted that much of British industry was less energy-efficient than overseas competitors.

The federation's letter claims that the report was based largely on out-of-date information and was no more than a smokescreen to cloud the real issue that energy-intensive industries were being forced to pay more for their fuel than foreign competitors.

The federation represents manufacturers of refractories (used in furnaces and kilns to reduce heat loss), building bricks, vitrified clay pipes, floor quarry tiles and agricultural land drainage clayware. In its letter it gave illustrations of improvements in energy efficiency ranging from 20 to more than 60 per cent since 1978.

Mr Robert Redmond, director of the National Federation of Clay Industries and a former Conservative MP, has called on Mr Moore to withdraw the departmental paper. He said that the Government had done little to alleviate the problems of high energy prices. The tax on oil was still much greater than in any other country.

"Instead of tackling the real issue, however, the Government has presented this appalling 'knocking' document to NEDC. The least it can do is to withdraw it," he said.

The Energy Department said last night that while British industry had made improvements in its energy efficiency, there was still considerable potential for further improvements. The depament had no intention of withdrawing the paper.

Ulster industrial law plan attacked

THE EQUAL Opportunities Commission for Northern Ireland warned the Government yesterday that the proposed law on industrial relations would penalise women in the province more than men.

The proposals would reduce the rights of women workers in the areas of maternity leave, unfair dismissals and low pay. Companies with five or fewer employees would be able to refuse to take a woman back after her maternity leave if this was not "reasonably practicable."

Canadians buy seven years of that Street

By Maurice Samuelson

CORONATION STREET is to be seen on Canadian television screen for at least another seven years following what Granada Television, makers of the long-running soap opera, calls the biggest programme sale to a television network.

CBC's English network, covering 42 stations with a potential audience of more than 95 per cent of Canada's 16m English-speaking population, has purchased 728 episodes of the series from January 1974 to January of this year.

St Piran case moved to October

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE petition for the compulsory winding-up of St. Piran, the mining and property group, will not now come before the High Court until October.

The hearing was to have begun yesterday, but it was agreed that St Piran needed more time to answer the allegations made against it in the petition.

Winding-up is sought by Runic Nominees, a subsidiary of Gencor, the South African mining company, and holder of 70,000 shares of St Piran's £2.9m issued capital.

Last week Runic was given leave to amend its petition to identify the parts of the 225-page report on St Piran by Department of Trade inspectors on which it relies.

Yesterday Mr Leolin Price, QC, for Runic, asked Mr Justice Slade to give directions enabling the petition to be heard during September.

It was, he said, a very important case in which there was a great public interest.

Gasco Investments (Netherlands), St Piran's majority shareholder, had offered to buy the minority holdings at 60p a share. The offer had recently been again recommended by St Piran directors, and Runic feared that if the petition were delayed, some shareholders would lose heart and accept the offer, making it possible for Gasco to acquire Runic's shareholding compulsorily.

Mr Justice Slade said it was unrealistic to expect St Piran to have its evidence completed before the end of August.

The existence of the Gasco offer was nothing to do with St Piran and was no reason for subjecting St Piran to an unduly restrictive timetable, the judge added.

Mr Andrew Morritt, QC, for St Piran, said the company intended to seek leave to appeal against the recent court ruling that a minority shareholder like Runic could base a petition on the findings of Trade Department inspectors.

County to ignore request for £12m spending cut

BY GARETH GRIFFITHS

THE RULING Labour group on Derbyshire County Council has decided to take no action on the Government's request for a £12m spending cut in the current financial year.

Last week councillors had threatened to resign control of the authority in protest when asked for cuts of 5.6 per cent compared with actual spending in 1978-79.

A meeting of the Labour group yesterday voted by 43 to five not to make any cuts and not to levy a supplementary rate. The authority also decided not to call in outside consultants as recommended by Mr Tom King, the Local Government Minister.

Derbyshire is not a heavy spending authority by comparison with others. Its per capita spending at £273.25 is slightly above average for the shire counties at £267.33 but below that of the metropolitan authorities.

The county receives a block grant of £150m from the Government out of its total budget of £350m. A supplementary rate of 8p in the pound would have to be levied if the authority were to maintain its spending and escape the penalty clauses. The provisional hold back of grant from Derbyshire would be £7.959m.

Heritage Fund commits £4.3m

BY ANTONY THORNCROFT

THE National Heritage Memorial Fund made its first year one of honest labour and good housekeeping according to its annual report. The fund was set up with a basic £12.4m from the defunct National Land Fund and with the task of the caquisition, preservation and maintenance of the national heritage.

In the first year it spent just over £2m, with £2.3m promised in future grants. Its major investments were £825,000 to help the Naional Gallery acquire a painting by Altdorfer; £100,000, plus a loan of £50,000, to assist in the excavation of the Tudor warship the Mary Rose; £500,000, with another £1m to come, to repair and fund Canons Ashby, a Midlands mansion; £40,000, with another £460,000, for the Balfour ciborium to stay at the Victoria and Albert museum; and £85,000 to keep some Whistler paintings at the University of Glasgow.

The fund has helped the Royal Society of Birds maintain its Ouse Washes site; the Nature Conservancy Council safeguard the rare greater horseshoe bat; and helped the Suffolk Trust for Nature Conservation with Carlton Marshes.

But the fund refused to help keep the Leonardo Leicester Codex and the Duke of Devonshire's Poussin in this country because they were not considered part of the British national heritage.

Among other projects that the fund is committed to aiding are the Temple Bar Trust, with £50,000 towards the £500,000 cost of bringing the Bar back to the City; £115,500 for the Ironbridge Gorge Museum to conserve its furnace; and £160,000 to keep a view of Venice by Bellotto in Powis Castle in Wales where it has been for two centuries.

The main aims now of the fund are to get itself better known and to lobby the Government to change the tax laws so that owners of works of art are encouraged to offer them to the state by private treaty rather than to sell them at auction.

Stand on nuclear energy reaffirmed

BY DAVID FISHLOCK, SCIENCE EDITOR

THE GOVERNMENT yesterday firmly rejected criticism of its nuclear policy by a committee of MPs. The MPs were concerned particularly that Britain was making an excessive nuclear commitment and that it was ignoring the merits of Canada's Candu reactor.

The criticisms were made by the Commons select committee on energy in its report on nuclear energy published in February.

In a White Paper published yesterday the Government reaffirms its faith in nuclear energy, for which it sees "an important and necessary role" as older generating plant is retired.

"It would be dangerously short-sighted to ignore this reality now, especially after a quarter of a century of the safe development of nuclear power in this country."

But even by the year 2000 it is unlikely that Britain will be generating more than 30 per cent of its electricity from nuclear stations, it says.

It restates its belief that Britain will need to order at least one new nuclear station a year in the decade from 1982.

Before the end of the century Britain can expect to have to replace between 15,000 to 35,000 MW of generating plant, depending on whether the life of existing coal-fired plant can be stretched successfully from 30 years to 40 years.

Assuming plant life will stretch to 40 years—and if what the White Paper calls "a modest degree of growth" is also assumed—England and Wales will need about 20,000 MW of new capacity over the next two decades.

The Government reaffirms its confidence in the choice of the U.S.-designed pressurised water reactor (PWR) as a potential alternative reactor to the British-designed advanced gas-cooled reactor (AGR).

The National Nuclear Corporation in the mid-1970s investigated the merits of the Candu reactor and concluded that "capital costs would be considerably higher than those of any of the other reactor types under consideration."

It also concluded that "substantial and costly" development work would be needed to adapt Candu to the safety standards of the British nuclear inspectors.

Further reconsideration of Candu "would divert resources within the industry at a time when every effort should be made to validate the existing PWR and AGR options, and would lead to a much extended period of uncertainty before the adoption of a single thermal reactor type."

The government also rejects the select committee's contention that shortage of uranium might oblige Britain to "change horses" once again in the 1990s.

● *Nuclear Power, Cmmnd Paper 8317, SO £2.30*

OFT tries to get to the heart of the matter

By Gareth Griffiths

"God, the best maker of all marriages, Combine your hearts in one." William Shakespeare, King Henry V.

THE methods used by most of Britain's marriage bureaux and dating agencies to combine hearts, however, were severely criticised yesterday by the Office of Fair Trading which has threatened legislation to control them unless the bureaux reform themselves.

Mr Gordon Borrie, Director General of Fair Trading, yesterday wrote to more than 80 marriage bureaux and dating agencies asking them to form a trade association and draw up a code of practice.

The code would include requirements for realistic advertisements, confidentiality of personal details and an undertaking to give either an extension of membership or a refund if clients do not receive the service suggested when they join.

The OFT says conditions have not improved in the four years since it last looked into the business. Its latest study shows that unrealistic expectations are raised by many agencies in their advertising.

There is widespread concern about the way clients are introduced to each other and many agencies give insufficient information to customers about the services they offer.

Last year there were 132 complaints but this understated the level of dissatisfaction because many clients were too embarrassed to complain.

Mr Borrie is to consider advising Mrs Sally Oppenheim, the Consumer Affairs Minister, to bring in a licensing system. There is at present a precedent for the prosecution of marriage bureaux under the 1968 Trade Descriptions Act.

The OFT report indicates that substantial sums of money are involved in the business with fees for inclusion on a list of clients ranging from £12 to £60 a year. Marriage bureaux charge between £25 and £300 registration, then ask for further payments on clients marrying.

An attempt by the Katharine Allen and Heather Jenner marriage bureaux, which are both in London, to set up a trade association bound by a code of conduct failed to attract support from the rest of the industry four years ago. The two are the only agencies complying with the code.

Mrs Allen yesterday said she welcomed the idea of licensing agencies, although she was disappointed that the OFT had failed to take account of the existing code of practice.

Some dating bureaux practices were very dangerous indeed, particularly when it came to checking details on clients.

State funded viewdata company seeks private money to expand

BY ELAINE WILLIAMS

AREGON, the National Enterprise Board subsidiary which markets British viewdata technology overseas, said yesterday that it intends to seek private sector funding for its future expansion.

Disclosing that it is likely to make a profit next year—the first time since it was established in 1978—Aregon said that it will seek between £1m and £3m for projects it may wish to develop over the next few years.

The company, which had a £6m turnover last year, has received a total of £7.5m from the NEB, which has merged with the National Research and Development Council to form the British Technology Group, and cannot expect further funding from the new group.

Aregon supplies computer software in the international market. Its main product is a private viewdata information system which enables users unskilled in computers to operate them.

Yesterday, the company launched a new system which will enable anyone with a viewdata terminal to communicate with large private computers, such as those owned by banks, through the central viewdata computer. This would open up a greater amount of information to users.

The idea was pioneered by the company for Bildschirmtext—the West German version of Prestel—which enables subscribers using home viewdata terminals to shop, bank and make reservations.

Aregon is also looking into the possibility of manufacturing associated electronic products for the viewdata market as well as writing software.

The venture into manufacture may begin with the development of a remote electronic blackboard called Cyclops. This was developed by the Open University and supported by Aregon and British Telecom to enable teachers to give lectures to students many miles away using a specially adapted television set connected to the telephone network.

Two year trials of Cyclops are now under way. Aregon believes that it has an application in industrial training.

Bill quotes to include VAT

BY JAMES McDONALD

Prices in British hotels and restaurants in future will have to be quoted fully inclusive of value added tax and any service charges, under Government proposals announced in the Commons yesterday.

The proposals, which will be made in an Order under the Prices Act 1974, will be subject to consultation with interested parties and comments are requested by the Department of Trade by October 23.

The proposal will require traders generally who quote prices for goods or services to give also the amount in money terms of any VAT, and other tax or other charge payable over the quoted price.

The Order will treat hotels and restaurants differently from the rest of the retail sector because they will have to quote prices on a fully inclusive basis—including VAT and any service charges—and to indicate that these prices include a service charge where they apply.

Mrs Sally Oppenheim, Consumer Affairs Minister, explained that in treating hotels and restaurants differently she had taken into account complaints from consumers

The proposals would apply to all but the smallest establishments, those with turnover of under £18,500 in the year to April 5 1981.

The Department of Trade said that consumers were sometimes misled not only by the quotation of VAT-exclusive prices by retailers generally, but also by price quotations which did not draw attention to such ancillary charges as postage and packing.

The English Tourist Board welcomed the changes. Mr Michael Montague, its chairman, said: "This is the answer to the fortunately few hotels and restaurants who frankly have been behaving in a mischievous and deceitful manner. This should end the unexpected shocks when the bill arrives."

Land for private housing to be reserved in Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

THE LAND Authority for Wales plans to make between 65 and 105 hectares of land a year available for private housebuilding between now and 1986.

Unveiling its programme for the period 1981-86, the authority announced in Cardiff yesterday that since there would be considerably less public housebuilding during the next few years, there was a need to maintain ample land reserves to maximise the contribution of the private sector.

It estimates that private housebuilding in Wales would continue at the current rate of about 5,750 houses a year until 1983-84, after which it foresees an upturn.

Total Welsh housing needs over the period are assessed at 12,000 houses a year. Even on the most optimistic assumptions, however, it expects no more than an average 8,750 a year from the private sector.

The authority now plans to have about two-and-a-half years of residential land "in stock" at any one time, under a rolling programme of acquisitions and disposals. In December, 1980, its residential land bank totalled 360 hectares of which 220-235 hectares could be developed within the next five years.

Established in 1976 to buy and sell land for development, the authority survived the Conservatives' repeal of the Community Land Act in the rest of the UK. It sees its main function as the provision of land for new private housing in Wales and helping small builders by dividing large acquisitions of land into smaller, more manageable, parcels.

Claret prices show rise on start of year

By Edmund Penning-Rowsell

CHRISTIE'S last claret sale of the season yesterday produced fine prices throughout a comprehensive, 500-lot catalogue.

With both British and American trade buyers active, there was no evidence of any cash decline in the demand for good vintages of classed-growth Chateaux, and prices were generally higher than at the beginning of the year.

Latour '61 fetched £760 a dozen and Haut-Brion '61 £620. Petrus '64 made £620 a case, six bottles of this estate's '66 went for £370, and a dozen of its '71 for £500. La Mission-Haut-Brion '66 made a new top price of £300.

For the first time in any quantity, first- and lesser classed-growth '75, from a private seller in France, appeared in the saleroom. Prices per case were high for such young, immature claret. The sale total was £122,723.

Sweeping prison reforms urged

By Lisa Wood

SWEEPING REFORMS to cut the number of prisoners in Britain's over-crowded prisons were urged yesterday by a House of Commons Select Committee. One of its members, a Conservative MP and former prison governor described conditions in one London prison as "a scandal."

The report from the Home Affairs Committee calls for shorter sentences for non-violent prisoners, legal maximum sentences if judges do not cut sentences voluntarily, reform of the parole system, the removal of drunks and the mentally ill from prisons and more use of open prisons. Up to 3,000 petty, inadequate and mentally disturbed offenders should not be in prison, according to the committee.

The publication of the proposals coincides with the annual report of HM Chief Inspector of the Constabulary which shows that recorded crime in England and Wales, excluding London, increased by 6 per cent in 1980, to a total of 2,104,000 offences.

Sir Graham Page, chairman of the committee, said the proposals were not a "softly, softly" approach. Rather, the committee was convinced it was possible to cut sentences for non-violent offenders in the public interest.

The report said 43,600 prisoners were crammed into places designed for 38,500 people. Some prisoners sleep in storerooms, a classroom and a library. More than 17,000 were locked up two or three to a cell built in Victorian times for one.

Prison officials told the committee that many buildings were "in an advanced state of decay." One prison department official told the committee: "The whole estate is, to put not too exaggerated a view on it, collapsing around our ears, and it needs a massive injection of capital if we are to have prisons standing at the end of this decade."

A complete overhaul of the prisons would cost an estimated £1bn. But the MPs said that priority should be given to substantial redevelopment and refurbishing of existing local prisons, including main sanitation.

Mr John Wheeler, a Conservative Party member of the committee and a former prison governor, said the situation at Brixton in London was a scandal.

Proposals in the report include a new system of parole in which one-third of a sentence of between six months and three years would be spent in custody, a third would be a suspended sentence and one-third remission.

● Sir James Crane, HM Inspector of Constabulary, said in his report that a particularly disturbing element of the increase in recorded crime was the involvement of young people.

Commenting on the recent riots, Sir James said the country could not afford a permanent police presence on duty capable of dealing with large-scale spontaneous public disorder. "Neither would a permanent reserve force, such as the para-military units in other parts of the world, accord with our long-established and accepted principles and methods of keeping the peace," he said.

● Rollestone Camp, an army camp on Salisbury Plain, will today receive its first draft of prisoners. The Home Office said the inmates would be men serving the last three months of their sentence. They were being transferred "to ease over-crowding in prisons in southern England." The prisoners, about 360, are category C, the lowest risk inmates held in closed prisons.

TUC joins youth organisations in campaign to aid young jobless

BY JOHN LLOYD, LABOUR CORRESPONDENT

THE TUC yesterday launched a campaign on youth employment, described by Mr Len Murray, the TUC general secretary, as "the most serious crisis since World War Two."

The TUC will act with the main youth organisations such ast he British Youth Council, the National Union of Students, the National Association of Asian Youth and Youthaid.

It also announced pensioners' action day for November 12, co-ordinated by its national pensioners' convention steering committee. Earlier this week, the TUC called for extra assistance for the disabled.

Mr Murray said the campaign had to two-fold task—to win the nation's support for the young unemployed and to mobilise youth and give them a single voice so that they could help in shaping their own future.

He warned that young people would be "driven into the politics of despair" if action was not taken on jobs, and agreed that the violence in London, Liverpool and elsewhere had made the Government take notice.

Mr Shaukat Khan, chairman of the National Association of Asian Youth, said that "young blacks have been led to believe they will not get equal rights." He said that the TUC campaign was essential to "involve black youth in the mainstream of British politics. They need to stand alongside the young white unemployed."

Mr Alan Christie, secretary of the British Youth Council whose membership includes the main youth organisations, said: "Young people in Britain today are a generation completely without hope." He called for better training provisions and improvements to the youth opportunities programme, but emphasised that only the provision of jobs could aid a dangerous situation substantially.

The first series of events in the campaign, which Mr Murray said would continue as long as was necessary, will take place in the week beginning November 23. A campaign train, the "Jobs Express," will carry 400 young people around the country's main cities, where rallies have been planned.

The week will end with a festival and demonstration in London on November 28 and 29, and a lobby of Parliament on November 30. Plans for further events in early 1982, including a "festival of youth," are being made.

The pensioners' day of action is aimed at publicising the effects of what Mr Jack Jones, the former general secretary of the Transport and General Worker's Union, called the "attack on basic pensions" by the Government.

Pension groups in a number of centres will seek meetings with local council leaders to express opposition to cuts in social services, and lobby gas and electricity showrooms as part of a campaign to reduce fuel costs.

The steering committee also plans lobbies of the Labour and Conservative conferences.

Civil Service offer wins early backing

BY PHILIP BASSETT, LABOUR STAFF

EARLY voting in the Civil and Public Services Association, the Civil Service's largest union, is running at about 3-1 in favour of accepting the Government's improved pay offer, though voting in the taxmen's union is about 6-4 to reject it.

Votes cast in branch meetings and ballots in the CPSA yesterday totalled 3,452 (72 per cent) in favour of accepting the offer and ending the 20-week campaign of strikes and 1,269 (26 per cent) for rejecting it and mounting an all-out strike. There were a few abstentions.

The offer gives a 7.5 per cent pay increase this year. It proposes negotiations without preset cash limits for 1982 and an independent inquiry on future pay determination.

Despite the clear lead in these first CPSA figures, the small number of meetings involved, 61 out of a possible 850 and the small size of most of the offices which have voted mean that the early results might not be indicative of the outcome.

Union leaders believe that most of the nine unions will eventually record acceptances.

Meetings begin today of the Society of Civil and Public Servants, the second-largest union, which is advising its 100,000 members to reject the offer, unlike the CPSA. SCPS leaders hope for an early rejection from the Liverpool meeting, which is due to be addressed by Mr Gerry Gillman, general secretary.

Voting in the Inland Revenue Staff Federation, after more than half its scheduled meetings, showed 8,874 (43 per cent) for acceptance and 11,783 (57 per cent) against.

The union has been in the forefront of the campaign, and many of its leaders wanted to recommend rejection of the offer, but decided under pressure to follow the central line and put it out neutrally.

Most of the union's largest branches have now voted, with only London and Birmingham of them still to vote. It is thought their decision will reduce the size of the vote for rejection, but overall the offer may still be turned down.

The Government is expected to announce next week the members of the pay inquiry team, chaired by Sir John Megaw. Most of the members—likely to be about eight—have been chosen, and the inquiry will take out advertisements asking interested parties for submissions.

Laurence Scott workers reject unions' peace deal

BY OUR LABOUR CORRESPONDENT

INDUSTRIAL ACTION by workers at the Laurence Scott mining machinery plant in Manchester is to continue in defiance of their unions' recommendations.

The major union, the Amalgamated Union of Engineering Workers, had withdrawn its official backing for the workers' occupation of the plant. It has also stopped strike pay.

A meeting of about 500 of the company's 650-strong workforce yesterday voted overwhelmingly against a package agreed between the Confederation of Shipbuilding and Engineering Unions and the parent company, Mining Machinery, which would guarantee a minimum two-day week for the next three months, though with some redundancies.

The recommendation to accept the agreement, put to the meeting by Mr Ken Cure, an executive committee member of the Amalgamated Union of Engineering Workers, attracted only 11 supporting votes.

At the same time, a Manchester court upheld a writ from Mining Machinery for possession of the plant. Mr Dennis Barry, the senior AUEW convener at Laurence Scott, said yesterday that the workforce would not attempt to defy the writ but would continue to picket the plant.

The Laurence Scott stewards believe that Mining Machinery, which had intended to close the plant earlier in the year on the grounds that it was unprofitable, will close it after three months. They are also opposed to any compulsory redundancies.

Hope of compromise in Time Out parity dispute

BY OUR LABOUR CORRESPONDENT

A FURTHER attempt at conciliation in the 12-week-old dispute at Time Oout magazine will be made by the Advisory, Conciliation and Arbitration Service on Monday.

Mr Tony Elliott, Time Out's owner, said yesterday that the main point at issue was wage parity, the system which has prevailed in the magazine throughout its 13 years' existence and which he wishes to change.

The staff are understood to be prepared for a limited compromise and have already offered to drop a clause in the former agreement guaranteeing consultation before Mr Elliott took up any business ventures outside Time Out.

They have been formally sacked since early June and the magazine "blacked by the print unions, thus preventing Mr Elliott from publishing it with a new staff.

The 64-strong staff, who have published a tabloid newsheet Not Time Out for the past two months, are prepared to launch a substitute version of the magazine if Mr Elliott liquidates the present company.

However, it now appears that narrowing the core of the dispute to parity could allow for some compromise.

Blacking appeal for Lords

AN APPEAL COURT ruling that "secondary blacking" by the Association of Cinematograph, Television and Allied Technicians of a £500,000 television series was unlawful is to be challenged in the Lords.

Last April's decision was the first Appeal Court ruling under the Government's 1980 Employment Act, which reduced the scope of immunity from legal action given unions under the Labour Government's Trade Union and Labour Relations Act.

Three appeal judges headed by Lord Denning, Master of the Rolls, granted Hadmor Productions, of Croydon, an injunction preventing further blacking by ACTT of their series "Unforgettable" featuring pop stars of the '50s and '60s.

Thames Television took the series before it was completely shown.

A committee of three Law Lords yesterday gave the union leave to appeal. It is expected to be heard in October.

Welsh plan credit union network

By Robin Reeves, Welsh Correspondent

THE WALES TUC is planning to promote a network of credit unions as a mechanism for raising investment funds for its proposed Mondragon-style workers' co-operative movement.

Two members of the Wales TUC team, carrying out the government-backed feasibility study into the potential contribution of co-operatives towards new job creation, are attending the World Council of Credit Unions annual meeting in Dublin next week to discuss details.

Credit unions are a form of co-operative bank for small savers, extremely popular in the U.S., Canada, Australia and Ireland. Given legislative blessing in Britain in 1979, they enjoy charitable status and are able to offer concessionary interest rates on both borrowings and loans for "provident and productive purposes."

The Wales TUC investigation has focused on the need for a Welsh Resource Centre and Investment Fund to give strong backing to workers' co-operative initiatives. The success of the Mondragon movement in Spain's Basque country is attributed to its having its own financial and industrial intelligence arms.

Subject to its Dublin discussions, the Wales TUC believes a network of credit unions in Wales could be interlinked with the Resource Centre and Investment Fund, and generate the capital and expertise required for launching a network of co-operative ventures.

Warning on pay pact by firemen

By Pauline Clark, Labour Staff

UNION LEADERS of 36,000 firemen yesterday renewed their threat of industrial action if employers fail to restore their index-linked pay formula at a joint meeting today.

The previous Conservative-dominated employers' group withdrew from the four-year-old formula agreement last February. But firemen hope that the local authority elections, which gave Labour a marginal majority on the employers' side, will result in the decision being reversed.

Last autumn, firemen staged industrial action in response to an attempt by Tory employers, then with a large majority, to sidestep the original formula won from a Labour government four years ago after a nine-week national strike.

At that time employers eventually backed down and firemen were awarded a two-stage 18.8 per cent index-linked increase.

1,470 Vauxhall jobs still at risk

By John Griffiths

VAUXHALL'S management and unions held further talks yesterday on the plan to shed a further 2,000 jobs, announced earlier this month, which would bring the year's planned total to 8,000.

Unions were told that the company was still looking for a reduction of 1,470 in staff and hourly-paid indirect production workers. But 200 production employees had already volunteered for redundancy at the Bedford truck subsidiary at Dunstable.

With an expected upturn in car output because of the start of assembly of the new J-car and Vauxhall Astra, it was hoped to offset the remaining redundancies by further short-time working.

The company said it still hoped to achieve the 2,000 cuts voluntarily, but has warned that it will enforce redundancies if it

Why Inco invested £2.4m in the W. Midlands

Despite the recession, a nickel alloy sheet and plate business has found a willing buyer. **James McDonald** reports

WIGGIN ALLOYS surprised some observers when it recently bought part of the Laird Group's Patent Shaft Steel Works plant at Wednesbury, West Midlands for £2.4m, because it was difficult to appreciate that any supplier to the engineering industries could contemplate expansion in the present business climate.

Wiggin Alloys pointed out that the two primary and plate mills at Wednesbury would strengthen the company's position at the "heavy" end of the European market for nickel alloy sheet and plate.

But the immediate object is not to increase production of nickel alloy sheet and plate. The company's plant at Hereford—which produces sheet, plate, pipe and rods—has been working short time since November.

The mills at Wednesbury, however, allow the company access to the growing market for wider nickel alloy sheet and plate which is being satisfied at present mainly by competitors in West Germany and France.

The Hereford works can produce sheet and plate widths of up to only 1,200 mm. But fabricators increasingly want greater widths to reduce the number of welds. The plate mill at Wednesbury has a roll width of 98 inches—over twice the width to which the Hereford equipment is restricted.

The total Wiggin investment in Wednesbury will be £3.5m, because another £1.6m (including £500,000 Industry Department grant aid) is to be spent on refurbishing the mills. This is about half the amount that would be needed to buy new plant.

Wiggin Alloys is a member of the Inco Group—perhaps better known still by its former name, International Nickel, the Canadian metals group—and is an operating unit of the Inco Alloy Products Company. Last year it accounted for $201m of the products company's $731m net sales to customers. The Wiggin sales were 50 per cent higher than in 1979 but this increase reflected price increases and greater deliveries of higher value alloys.

From Hereford, Wiggin markets Inco plate, sheet and tubes in east and west Europe, the Middle East, Africa and India. Its Inco counterpart in the U.S.—Huntington Alloys Inc, of Huntington, West Virginia—covers north and south America and the Far East.

A stage forward in the production process, Daniel Doncaster and Sons, of Sheffield, another Inco subsidiary, manufactures forgings for the aerospace sector and for industry generally.

To some extent, the Wednesbury purchase is a long to medium term project. The refurbished plant is expected to open early next year. Initially, only between 50 and 70 jobs will be available there.

"We regard it as a manufacturing adjunct to our Hereford factory, where all our administration functions will remain," says Mr Brian Aisbitt, managing director of Wiggin Alloys.

Wiggin Alloys' major customers are the aerospace industry (the biggest), the petrochemicals industry, and general engineering, including domestic white goods manufacturers such as cookers, hair dryers, electric heaters and immersion heaters.

Mr Aisbitt says that a very high aerospace industry demand through 1979 into early 1980, from such customers as Rolls-Royce, shielded the company from the general downturn in demand from petrochemicals and general engineering. But aerospace orders fell off sharply last year, so the company, employing 1,440 hourly-paid workers and 813 staff employees, has been on short-time working for more than eight months.

Last November the unions involved at Wiggin Alloys agreed, because of the uncertain market outlook, to defer for six months negotiations on any increase in wages or salaries. Since May, the management unilaterally has been giving workers an extra 5 per cent in their wage packets but the unions have not accepted the increase, says Mr Aisbitt.

Wiggin Alloys has made no workers or staff redundant so far. Over a period of several years, through a policy of not recruiting and not replacing people, the workforce has been reduced through natural wastage from a peak of nearly 3,000 to 2,250. Mr Aisbitt does not believe that the productive capacity of the plant has suffered.

He believes also that the current low volume of business will continue at its present "plateau" through to 1982.

The fortunes of Wiggin Alloys are of close interest to Hereford. It is by far the largest of three major employers in the area apart from agriculture. Bulmer employs about 900. Sun Valley Poultry has a depleted force of about 200.

The whole climate of marketing has changed, says Mr Aisbitt, and in Europe the competition is becoming difficult to define as European steelmakers look at opportunities in the special alloys fields.

Wiggin Alloys exports about 40 per cent of its output and, in trade in all its market areas, "our salesmen have had to become more opportunistic.

"It is a question of asking ourselves: What do they want to buy tomorrow. In the 1950s and 1960s, someone would be accepted as a Wiggin Alloys' customer. Now, three guys are knocking at his door."

UK NEWS — PARLIAMENT and POLITICS

Thatcher and Foot clash on Ottawa

BY IVOR OWEN

THE PRIME MINISTER yesterday defended her refusal to join other EEC leaders at the Ottawa economic summit in pressing for an early reduction in U.S. interest rates.

Mr Michael Foot, the Opposition leader, accused her of having been virtually mute on the issue.

"You sat saying and doing nothing except ditto to President Reagan," he said.

Mr Foot insisted that Mrs Thatcher should have supported M Mitterrand, the French President, when he warned that if the high U.S rates continued the economic crisis in Britain and other EEC countries would be intensified.

Indignantly, the Prime Minister reminded Mr Foot that she had been present at the Chateau Montebello while he had not.

"None of us like high interest rates," she said. "But the fact is that President Reagan was not criticised anything like as much as you suggested.

Mrs Thatcher maintained that the French President, like other heads of government present, recognised that where the forces of inflation remained strong interest rates were likely to remain high.

She stressed that when the economic policies of the Reagan Administration were finally approved by Congress it was expected that "these high interest rates will come down."

Mrs Thatcher hit back at Mr Foot by highlighting the mounting disarray in the Labour Party over defence policy, and taunted him with his latest defeat at the hands of the party's Left-dominated NEC.

Referring to his forthcoming visit to Moscow for talks with Soviet leaders on nuclear disarmament the Prime Minister reminded Mr Foot that he would be unable to follow his most famous predecessor as MP for Ebbw Vale, Aneurin Bevan, who successfully fought a Labour commitment to unilateral disarmament.

"You will go naked into the conference chamber in Moscow," she told Mr Foot amid Tory cheers.

Mr David Steel, Liberal leader, also came under fire from the Prime Minister when he questioned her about a passage in her statement which appeared to suggest that the West was more determined to maintain a strong defence capability than to enter negotiations on arms control.

She snapped: "That is a very facile question."

The Prime Minister firmly endorsed the view of Mr Julian Amery (C, Brighton Pavilion) that recent declarations by Labour's national executive on the EEC, defence and Ulster threatened "the most sinister divide which we have seen for many years in the unity of our country."

Mrs Thatcher stressed that in her view the outstanding thing about the Ottawa summit was the *robust* attitude taken by President Mitterrand on the defence of France, and French duties to the alliance both in conventional weapons and nuclear weapons.

A similar position had been adopted by the West German Chancellor and this had demonstrated how much Mr Foot was out of step with the other socialist leaders in Europe.

Thatcher: "You will go naked into the conference chamber in Moscow"

Foot: "You sat saying nothing except ditto to President Reagan"

Dull fare for the men of destiny

THERE WAS a time when Mrs Thatcher used to return from international summit meetings aglow with excitement after rubbing shoulders with men of destiny.

But a distinct note of disillusionment seemed to have crept in yesterday when she reported to the Commons about the get-together in the great log cabin outside Ottawa.

A rustic Canadian locale has not received such intensive publicity since the old days of steam radio when Big Bill Campbell had a weekly BBC music programme "from the 'ol log cabin in the Rockies."

When things got a bit dull Bill would stir them up with a jubilant cry of "Pass the apple-pack pardner!"

There can be no doubt about it—the Ottawa summit seems to have lacked apple-pack.

Mr Michael Foot, Opposition leader, felt the Prime Minister had achieved the astonishing feat of saying even less in her statement to the House than was in the official communique issued after the meeting.

He believed the most disappointing aspect was Britain's reluctance to back the French and Germans strongly enough in their criticism of high U.S. interest rates.

Rather smugly, the Prime Minister pointed out that as Mr Foot was not at the meeting he could not have known what was said.

According to her, President Reagan had not been as strongly criticised by other heads of government over interest rates as Mr Foot seemed to think.

The French President, M Mitterrand, now appears to rank as Mrs Thatcher's favourite Socialist: a cuddly sort of chap who recognised "that while fears of inflation remain strong, interest rates are likely to remain high."

As the Prime Minister lavished praises on the new French President one could almost believe he had stopped off at Chicago on his way to the Canadian capital and suffered a lightning conversion to monetarism at the hands of Professor Friedman.

It now appears that the name of Mr Zenko Susuki, the Japanese Prime Minister, must be added to the list of foreign leaders who regularly lecture British Prime Ministers about the shortcomings of our economy.

In a vein reminiscent of Samuel Smiles he had told Mrs Thatcher that his country had no problem with inflation and unemployment.

It was a self-disciplined society, the workforce took a pride in their products and delivery dates and never went on strike.

Instead of telling him to belt up and stop swamping the UK with Japanese cars and hi-fi sets Mrs Thatcher solemnly passed on to MPs his advice as the model for the sort of society we should be aiming at.

He congratulated her on eschewing the "fatuous posturing" and false expectations of previous gatherings.

She agreed there now seemed to be a "circuit of summitry" which was followed by hordes of journalists, some of whom were quite capable of manufacturing the news unless the world leaders provided them with some juicy titbits.

"It's a pity that world leaders cannot meet without expectations that there will be some colossal pronouncement at the end of it," the Prime Minister observed wearily.

John Hunt
Parliamentary Correspondent

Hattersley blames Benn for poor Labour by-election performance

BY MARGARET VAN HATTEM, LOBBY STAFF

MR ROY HATTERSLEY, Shadow Home Secretary, yesterday blamed Mr Tony Benn for Labour's poor showing in the Warrington by-election.

"Tony Benn's challenge to Denis Healey was universally acknowledged as the major cause of Labour's Warrington decline," he told a Labour Party meeting in Great Bardfield, Essex.

The sharp drop in Labour's majority in the by-election appears once again to have polarised the party, providing ammunition for both the main factions in the continuing struggle for the deputy leadership.

Mr Healey's supporters are openly blaming Mr Benn and calling for a shift to the Right, while Mr Benn's supporters are blaming the Labour candidate, Mr Doug Hoyle, for not putting Labour policy across sufficiently clearly.

They want a further shift to the Left.

The issue is the subject of a major post mortem in this week's edition of Labour Weekly, whose editorial urges the party "not to attempt to moderate its policies to try to meet the Social Democrat-Liberal threat."

The Social Democrats gained support because they had no clear policies, it says, but suggests their support will wane once they start to define where they stand.

In the meantime Labour should campaign aggressively, on policies such as withdrawal from the EEC, unilateral disarmament, and its alternative economic strategy, it says.

The editorial delicately avoids any mention of the deputy leadership, but other writers are less constrained, several of them citing Mr Michael Foot, the party leader, who earlier this week indirectly blamed Mr Benn when he said Labour's performance would have been substantially better had there been no contest.

Mr Hattersley seized on this point, claiming that the SDP's primary objective would now be Mr Healey's overthrow.

"They will hope that the tiny but vocal section of the party that openly espouses policies inconsistent with parliamentary democracy will continue to advocate taking politics into the streets and bringing the Government down by direct action," he said.

"They will rejoice at the continued onslaught against the Labour Party constitution by those attempting to concentrate power in the hands of our unrepresentative cliques and factions, not real Labour Party members.

"They will profit from every manifestation of mindless militancy—the shouting down of Labour leaders as seen on television; the demolition of trade union leaders who stand out against extremism; the sacking of long-serving councillors because of their refusal to support the ruling caucus."

Mr Hattersley called for the rigid exclusion from any influence in Labour affairs of communists, Marxists and "other Trotskyist parasites" who saw their only hope in the collapse of the "genuine Labour Party."

Their involvement in last week's so called Labour Co-ordinating Conference was a disgrace, he said.

"So was their participation in the construction workers' decision on whom to support in the party's deputy leadership election."

Hattersley: "Tony Benn's challenge to Denis Healey universally acknowledged as the major cause of Labour's Warrington decline"

Thomas reveals strains in Lib-SDP alliance

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE STRAINS in the SDP/Liberal alliance came into the open yesterday with a speech from Mr Michael Thomas, SDP member for Newcastle East, which both irritated the Liberals and annoyed some members of the SDP leadership.

Mr Thomas said that if the alliance was to mean anything, half the Liberal candidates already selected by their local parties would have to step down.

He also insisted that it would not be enough for this year's Liberal Assembly merely to endorse the alliance in principle. Liberal members, he said, would have to give Mr David Steel, the Liberal leader the authority to put the alliance into practical effect on the ground.

Mr Thomas has always tended to be more sceptical than most of his colleagues about the need to help Mr Steel sell the alliance to his members.

But Mr Steel's inability to persuae the Croydon Liberal Party to accept Mrs Shirley Williams has irritated many SDP MPs.

In private, a number are now saying that Mr Steel will have to find some way of controlling his members. The Liberals believe this attitude shows a basic misunderstanding of the Liberal Party, and, since the whole question of electoral arrangements is still being discussed, the SDP leadership believe it would be counter productive to start *laying down* terms in public now.

Yesterday, Mr Thomas acknowledged the Liberals might resent "a new party muscling in on the ground they have tilled so hard." But equally, he said, the Liberals had to understand that the SDP "did not come into existence merely to water the ground so that Liberal seedlings might grow."

It was the formation of the new party which would make Liberal victories possible at the next election.

Mr Thomas pointed out that the Liberals had already adopted 230 prospective parliamentary candidates. Almost without exception they were in seats a SDP/Liberal alliance would be most likely to win at the next election.

If all these candidates were to stay in place it would mean that the majority of alliance MPs elected would be Liberals. This would be totally unacceptable and the fact of the matter was that about half of these candidates would have to stand down for the Social Democrats, he insisted.

Mr Thomas's purpose in making the speech seems to have been to kill off any idea the Liberals might have after Croydon that they can impose their views on the SDP.

Last night, however, Mr Richard Holme, Liberal President, said that "shuffling and dealing" at Westminster would be no use at all.

A "cynical electoral deal imposed from above" was hardly the way to embark on an alliance.

Restoring the concensus: Lombard, Page 14

Thomas: Half the selected Liberal candidates must stand down if the alliance is to mean anything

Seamen's union backs Silkin

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR JOHN SILKIN'S campaign for the deputy leadership of the Labour Party received a small but possibly significant boost yesterday when the executive of the National Union of Seamen voted by nine to four for his candidacy.

It is the second union to declare itself for Mr Silkin. The other was the agricultural workers.

He is thought likely to secure the support of his own union, the Transport and General Workers' Union, which has 1.25m votes at the Labour Party conference.

The seamen's support for Mr Silkin was moved by Mr Sam McCluskie, the union's deputy general secretary, who is also a member of the Labour Party National Executive Committee.

Mr McCluskie said that of the three candidates, including Mr Denis Healey, the present deputy leader, and Mr Tony Benn, Mr Silkin had the best and most consistent record of support for the unions.

The executive voted 10—2 to support Mr Benn in the event of a run-off between him and Mr Healey.

Mr James Slater, the union general secretary, voted for support of Mr Benn in the first ballot.

This support from a Left-led union on the grounds of his pro-trade union record could be significant for Mr Silkin in picking up other of the smaller unions which have yet to commit themselves.

Next week's business in Parliament

COMMONS

Monday: Debate on Opposition motion of no confidence in Government economic and social policies; Armed Forces Bill, Lords amendments; debate on British Gas Corporation *(Disposal of Wytch Farm Oilfield Interests)*; coal industry orders.

Tuesday: Transport Bill Lords amendments; debats on EEC documents on the Steel Industry.

Wednesday: No sitting.

Thursday: Wildlife and Countryside Bill, remaining stages; Employment and Training Bill, Lords amendments. London Docklands Development Corporation Orders

Friday: Debate on benefits up-rating and amendments regulations.

LORDS

Monday: Consolidated Fund Bill, all stages; Belize Bill, Committee and remaining stages; Employment and Training Bill, Report and Third Reading Deep Sea Mining (Temporary Provision) Bill, Commons amendments; Furniture Development Council Dissolution Order

Tuesday: Ullapool Pier Order confirmation Bill, Report Stage Supreme Court Bill, Commons amendments; Building Societies Authorisation Regulations Industrial Investment Northern Ireland Order.

Wednesday: No sitting

Thursday Ullapool Pier Order Confirmation Bill, Third Reading; Education Bill, Report, debate on proposed BBC cuts to external services

Friday: Education Bill, Report; Pensioners Lump Sum Payments Order Child Benefit Up-rating Regulations; Family Income Supplements Computation Regulations; Social Security Benefits Up-rating Order; Supplementary Benefit up-rating regulations; Supplementary Benefit Requirements and Conditions of Entitlement amendment regulations; Films Order. Two London Docklands orders.

Goronwy-Roberts dies at 62

Lord Goronwy-Roberts, deputy leader of the Opposition in the Lords, died late on Wednesday at his home in Pwllheli, North Wales, aged 62.

Lord Goronwy-Roberts, Education Minister and Minister of Trade in Sir Harold Wilson's Government, was given a life peerage in 1974.

He leaves a widow and a son and daughter.

Summer recess

THE COMMONS will rise for the summer recess on *Friday*, July 31 and will return on Monday, October 19.

The Lords will rise on the same day and return on Tuesday, October 6.

Foreign Affairs Committee seeks boost for foreign aid programme

BY DAVID TONGE

AN ALL-PARTY Commons committee yesterday called on the Government to reverse its policy of cutting overseas aid. In a report on development policies, the Foreign Affairs Committee said Britain should make combating hunger the main aid priority.

It urged that more funds should be made available to the Commonwealth Development Corporation, a statutory body which helps channel private investment to developing countries.

It also set out a series of detailed recommendations on the policies Britain should follow at the Mexico summit of world leaders due to be held in October to dicsuss development issues.

The Commons is due to discuss these policies today, and Lord Carrington, the Foreign Secretary, will shortly fly to Mexico for a preparatory meeting.

The recommendations are set out in a report entitled "The Mexico Summit; the British Government's role in the light of the Brandt Commission Report."

The Brandt Commission drew attention to world development problems last year, and proposed the summit now due to be held in Mexico.

The sub-committee which drafted the Commons report was chaired by Mr Kevin McNamara, the Labour MP for Hull Central. He yesterday welcomed as "encouraging" this week's commitment by Western leaders meeting in Ottawa to "constructive and substantive discussions" in Mexico with developing countries.

The report emphasises British public concern over the issues raised by the Brandt Commission, pointing out that a lobby of parliament on this issue in May attracted around 10,000 people.

It welcomes the way the British Government has moved from its initially hesitant response to the Brandt Commission's report, and suggests that in Mexico Britain should: Encourage multilateral bodies to concentrate on the "increasingly serious food situation;" Favour early conclusion of an agreement to stabilise grain prices;

Back efforts to build up international grain reserves.

Propose talks in GATT the General Agreement on Tariffs and Trade on North-South trade.

In the energy field, the report calls on Britain to seek further commitments by industrialised countries to energy conservation and to promote energy exploration and development in non-oil-exporting developing countries.

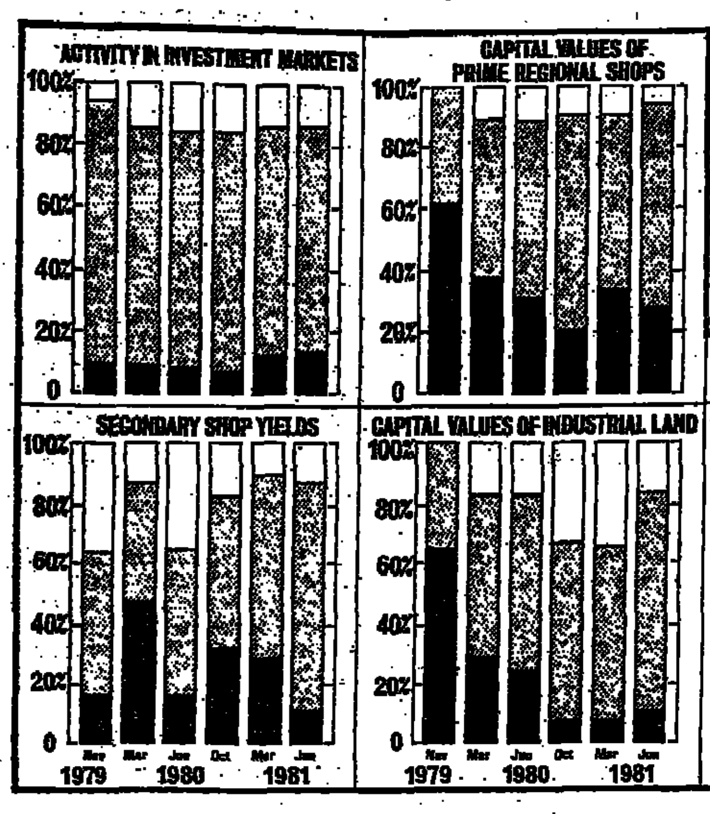
The U.S. has been resisting attempts to set up an energy affiliate of the World Bank.

The report also urges Britain to formulate proposals to help ensure basic oil supplies to the poorest countries at times of international oil shortages.

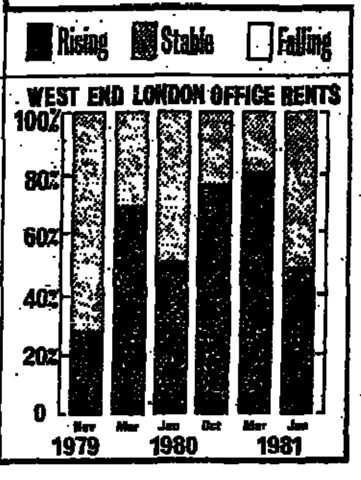
On financial flows, it calls on Britain to back an increase in the World Bank's borrowing-to-capital ratio from the present (conservative) 1.1 to either 1.5:1 or 2:1.

It says Britain could play a helpful role in persuading the new U.S. Administration of the importance of the World Bank's soft loan arm, the International Development Association. The U.S. has put the operations of this into jeopardy by dragging its feet over loan contributions.

UK NEWS—THE FT/RICS PROPERTY INDICATORS



● A poll by the Royal Institution of Chartered Surveyors. RICS member firms and investing institutions in all regions were asked if there was a rising (R), static (S) or falling (F) trend in rents, investment yields, capital values and investment activity for different classes of commercial and industrial property.



AREAS Compared with three months ago:		LON. CITY	WEST END	REST GLC	SE (EX-LON.)	N	NW	EAST ANGLIA	YORKS & HUMBER	EAST MIDS.	WEST MIDS.	SW	SCOT.	WALES	N. IRE.	NATIONAL
		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
QUESTION 1 What is the trend in rents?																
(a) Offices	R	48	30	70	35	9	29	33	—	20	8	37	19	8	75	29
	S	52	70	30	65	82	71	67	100	80	92	63	75	92	25	71
	F	—	—	—	—	9	—	—	—	—	—	—	6	—	—	1
(b) Prime Regional Shops	R	17	11	18	27	34	23	58	15	33	9	47	33	25	25	27
	S	75	61	82	73	58	62	42	85	67	91	53	53	75	75	67
	F	8	28	—	—	8	15	—	—	—	—	—	14	—	—	[illegible]
(c) Secondary Shops	R	7	—	18	35	27	8	30	7	36	—	32	25	40	—	21
	S	57	63	64	61	55	75	70	85	57	92	68	56	50	75	65
	F	36	37	18	4	18	17	—	7	7	8	—	19	10	25	14
(d) Modern Factories	R	—	11	—	11	9	—	18	—	7	—	10	—	—	—	6
	S	100	78	100	85	73	73	82	71	79	54	85	69	45	100	77
	F	—	11	—	4	18	27	—	29	14	46	5	31	55	—	17
(e) Modern Warehouses	R	—	22	—	11	8	—	9	—	7	—	11	7	—	—	6
	S	100	67	100	85	75	75	91	79	80	54	84	64	67	100	79
	F	—	11	—	4	17	25	—	21	13	46	5	29	33	—	15
QUESTION 2 What is the trend of invest yields?																
(a) Offices	R	—	10	—	4	8	8	—	—	9	9	6	—	—	50	5
	S	80	70	83	73	75	92	91	100	91	91	82	100	100	50	84
	F	20	20	17	23	17	—	9	—	—	—	12	—	—	—	11
(b) Prime Regional Shops	R	8	6	7	8	—	8	18	—	8	9	—	13	—	—	6
	S	75	76	62	75	83	77	64	92	77	82	82	67	92	100	78
	F	17	18	31	17	17	15	18	8	15	9	18	20	8	—	16
(c) Secondary Shops	R	9	18	8	20	18	8	20	8	8	8	6	—	—	25	11
	S	91	53	58	64	73	92	70	92	92	92	65	85	100	75	77
	F	—	29	34	16	9	—	10	—	—	—	29	15	—	—	12
(d) Modern Factories	R	—	—	—	15	18	33	—	8	27	23	14	8	27	—	14
	S	100	100	82	70	73	67	100	84	73	77	72	84	73	50	78
	F	—	—	18	15	9	—	—	8	—	—	14	8	—	50	8
(e) Modern Warehouses	R	—	—	—	15	17	31	—	8	27	23	14	8	8	—	13
	S	100	100	91	70	75	69	100	84	73	77	72	84	92	67	81
	F	—	—	9	15	8	—	—	8	—	—	14	8	—	33	6
QUESTION 3 What is the trend of capital values?																
(a) Offices	R	48	35	36	35	8	14	25	—	13	9	35	20	—	50	25
	S	43	60	64	65	75	86	75	100	87	91	65	73	100	25	72
	F	9	5	—	—	17	—	—	—	—	—	—	7	—	25	3
(b) Prime Regional Shops	R	40	18	34	44	34	23	67	16	27	9	41	33	33	—	32
	S	60	64	58	56	58	62	33	84	73	91	59	67	67	100	64
	F	—	18	8	—	8	15	—	—	—	—	—	—	—	—	4
(c) Secondary Shops	R	9	12	25	32	27	8	40	7	36	—	39	31	40	—	24
	S	73	69	50	48	27	50	50	62	43	83	61	54	50	75	56
	F	18	19	25	20	46	42	10	31	21	17	—	15	10	25	20
(d) Modern Factories	R	—	14	—	16	9	—	8	—	—	8	12	—	—	—	6
	S	100	86	100	72	64	64	92	62	100	38	70	62	45	50	71
	F	—	—	—	12	27	36	—	38	—	54	18	38	55	50	23
(e) Modern Warehouses	R	—	14	—	15	8	—	—	—	—	8	12	—	—	—	5
	S	100	86	100	74	67	75	100	64	100	46	69	64	67	67	76
	F	—	—	—	11	25	25	—	36	—	46	19	36	33	33	19
(f) Industrial land	R	—	50	10	20	—	—	20	—	7	8	12	9	—	—	10
	S	80	33	90	72	83	92	80	50	86	54	82	82	55	100	74
	F	20	17	—	8	17	8	—	50	7	38	6	9	45	—	16
QUESTION 4 Activity in Investment Mkts.	R	29	11	10	21	10	9	22	—	11	10	20	14	—	—	14
	S	71	83	80	71	50	64	78	75	78	80	73	72	80	50	73
	F	—	6	10	8	40	27	—	25	11	10	7	14	20	50	13

Rates begin to bite

ESCALATING RATES are quickly emerging as a crucial influence on the commercial property market's state of health.

As the rates burden rapidly increases, occupiers are being forced to examine total occupation costs much more closely than in the past. There is evidence that the rates bill is becoming a decisive factor in determining tenants' locations, with some high-rate areas now being deliberately avoided.

Tenants are not only becoming increasingly sensitive to the high rating element in their overheads but concerned about their inability to make any meaningful predictions about future rates increases.

Rising rates may also be helping to stifle growth in some rentals and capital values—though it is impossible to isolate the impact of the growing rates burden from other recessionary factors which are helping to dampen down the market.

These are among the principal conclusions arising from the 17th Business Indicator Poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial Times. Respondents were asked whether rising rates bills were beginning to affect property values and whether differing rate poundages between local authority areas was affecting tenants' decisions to live in or out of particular locations.

The clear message is that, on both these fronts, rates are beginning to have some impact. The pattern is patchy, with the majority believing that tenants' location decisions, rather than property values, are being most affected by the rates factor. But there is a widespread view that the impact of rates will get progressively more important and that values could ultimately suffer in all but the most cost-resilient centres.

In central London, where the rates burden has leaped and is set for further short-term increases, it is generally believed that the City office market is sufficiently strong to withstand the additional cost penalty. There is little evidence as yet that rates have had anything other than a slight influence on demand, which remains reasonably strong.

Rates in the City of London can now range from £10 a sq ft to £14 a sq ft and, when added to the service charges, can equal some quoting rentals. Rents on prime space remain at around £25 a sq ft. The supplementary rate levy proposed by the Greater London Council will add a further £2 a sq ft to costs in the autumn.

According to one City agent, there is no doubt that tenants are now much more aware of the total costs involved in office occupation. He points out that, from 1975 to 1981, the average total increase in rents for the City and City fringes reached about 40 per cent, whereas the average rise in rents for the same period and in the same area was no less than 132 per cent.

The fringe areas — lately regarded as the natural overspill area for the City and a location where additional growth rates could be expected —are likely to be worst affected, according to the poll. In these areas, the rates burden has become a substantially greater proportion of a company's total outgoings and this factor is expected to have an adverse effect on demand for offices.

Tower Hamlets, Islington, Hackney and Camden are cited as areas where commercial rates are punitive and one agent reports that, although there is no evidence yet of tenants moving away from these areas, some inquirers now specifically exclude them from their investigations.

In some parts of the West End, the same pattern is emerging. Tenants are showing a marked aversion to taking space in high-spending boroughs such as Camden, with the result that locations like the Euston Road have become clear demarcation lines. According to one respondent: "Tenants would rather pay more rent initially and face regular rental increases than accept lower rent increases but hazard unknown rates and supplementary rate rises."

The same type of demarcation is being experienced in other office centres. An agent in Southampton points out that the City has a higher poundage than the surrounding local authorities and there is evidence that companies have, as a result, considered fringe areas beyond the City boundary.

The rates burden appears to be having clearly adverse effect north of the border, with the main cities in Scotland having to cope with above average increases in the poundage rate—particularly in Lothian and Strathclyde. Respondents say the problems of the industrial property market have been exacerbated by rate rises while the retail sector has, to a lesser extent, also been hit.

According to one agent: "Following the recent sharp increases in rates there are now signs that these steep rises can no longer be digested without some compensating action. The market for both commercial and industrial properties in the industrial belt of Scotland is beginning to show a reaction to this rating position, over and above the depressive effect of the current economic situation.

"There is evidence that purchase prices and rents are being restricted by the accompanying rates burden and would-be purchasers or lessees are beginning to take the different rate poundages into account in their location decisions."

But the comment of one respondent sums up the difficulty in attributing some of the property market's current weaknesses to any one cause. "The rising rates burden comes at a time when there has been a slow down in the amount of activity in the letting market. It is not possible to define the part that rates have played in a market being hit by the recession but there is no doubt that they have become an important factor."

One beneficiary of growing rates bills appear to be the rash of enterprise zones around the country which give tenants "rent free" status. Early signs indicate that the zones are succeeding in attracting companies, providing a boost for rental values but, as feared by some critics, creating an adverse effect on areas immediately adjacent to them.

On a wider note, the RICS-FT poll shows little change in the overall tone of commercial property since the March inquiry. The general picture of stability has continued over the last few months, with rents, yields and capital values all broadly maintaining the position which has characterised the market for over a year.

One or two sectors, which had been slow in reflecting the less buoyant picture, have now caught up. City office rents, which at the time of the last poll were shown by a majority to be on an upwards path, now appear to have stabilised. The pattern has been repeated in the West End of London while rentals for prime shops also seem to have evened out.

Michael Cassell

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TECHNOLOGY

EDITED BY ALAN CANE

Geoffrey Charlish describes a new electricity-saving device from Sussex University

Cutting industry's motor power costs

PLANNED to become available in limited quantities later this year is a device which, connected into the input leads of an induction motor, is able to reduce significantly the power it consumes over a period of time.

The device, which is the subject of patent applications filed by NRDC, derives from work carried out by Dr Peter Unsworth at the University of Sussex.

Consumption

The matter is of considerable importance to industry, where induction motors consume some 57,000m kilowatt hours of electricity each year. This is about 66 per cent of industrial electricity usage and 30 per cent of the total national consumption of electric power.

According to NRDC, the majority of induction motors run at less than their full load rating for most of the time; it is claimed that, using the device, which has the effect of reducing power input when the motor is running at less than full load, savings amounting to 5 per cent could be made.

Nowadays, some 95 per cent of the prime movers in industry use are induction motors, the DC machine having become relatively rare and expensive. Alternating current machines are now used to drive a wide range of machines, from air conditioning fans and pumps to machine tools and steel mills.

There are several hundreds of millions of AC induction motors to which the new device could be applied, in addition to the millions of new motors produced annually.

For a 10 hp (7.5 kW) motor the price of the energy-saving unit will be about £100 in quantity. Depending on the motor size and application, the pay-back time will lie between one and five years.

Two companies have so far been licensed by NRDC to make the device: Automated Energy Conservation of Tipton, West Midlands (021-520 6267), and Simon Relays of Sandhurst, Surrey (0252 879383).

One of the least satisfactory aspects of the induction motor is that it must always take a sizeable magnetising current even on zero load. At rated load the full magnetisation is needed if the machine is to operate to specification but at low loads it continues to be taken from the mains even though unnecessary (at constant terminal voltage).

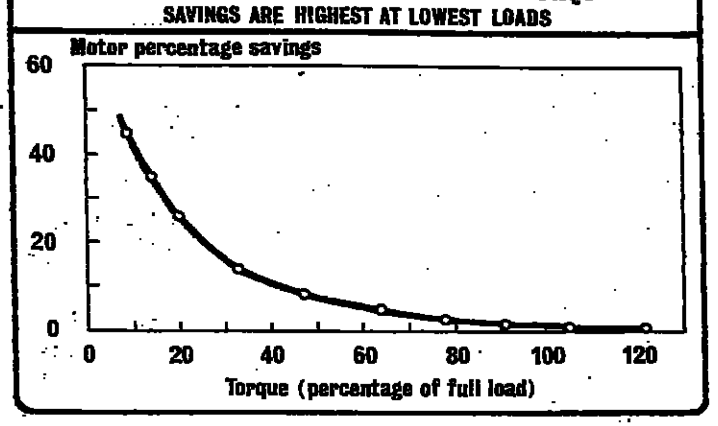
Thus, at low load poor efficiency results due to the heating effect associated with putting more current through the stator than is required.

Furthermore, the power factor of the motor when running at full load can be as high as 0.95, falling to perhaps 0.1 on no load. (Power factor can be seen as an index of the amount of non-useful energy drawn from the supply—reactive volt amperes rather than watts. The lower its value, the greater the amount of non-useful energy drawn.)

It is because this reactive current calls for additional generating capacity that the supply authorities charge their customers heavily when the power factor falls below 0.9.

Dr Unsworth's invention senses the varying load demand on the motor electronically and by means of triac or thyristor phase control—a form of electronic switching—reduces the fraction of the mains cycle over which the motor is connected to the supply. In waveform terms, it cuts the sides of the sine wave off so that each half cycle starts late and finishes early.

TYPICAL SAVINGS PLOTTED AGAINST TORQUE: SAVINGS ARE HIGHEST AT LOWEST LOADS



NRDC says that in this way, the power factor and efficiency remain high irrespective of the loading; motors controlled by the system have been found to consume between five and 70 per cent less energy.

Even a 5 per cent saving would produce an annual conservation of 1.5m tonnes of coal, or about 1.2 per cent of the UK's coal needs. The equivalent oil saving is 0.8m tonnes.

Formal tests of the device have been carried out at Sussex University, on a three brake horse power three phase machine using a variable load provided by a DC dynamometer. The controller was found to reduce motor power consumption by up to 44 per cent at 9 per cent load, with virtually no reduction at full load. This was achieved with negligible reduction of torque and by a speed reduction due to the controller of only 1 per cent at 9 per cent load, becoming negligible at full load.

Further tests were carried out by Automated Energy Conservation on two machines, one a compressor and the other a sand mill. Savings of £900 per annum (50 per cent) and £3,750 per annum (60 per cent) respectively "are likely" says the company. In the second case claims the company, the cost of the device would be recovered in two weeks.

Dr Unsworth concedes that devices of this kind can introduce harmonics of the mains frequency into the supply network but asserts that tests carried out by CEGB indicate that the effect is small. Radiated harmonics can be reduced by screening and filtering.

Unsworth is convinced that all users of induction motors should consider carefully the extent to which they are being under-run. Frequently, under-running results simply because the motor was originally chosen from a range that prevented an exact match, so that the emphasis was on over-sizing to give a safety margin.

Often, the application itself causes under-running for quite long periods of time. A compressor is a typical example, working at or near full load while charging a vessel to pressure, but otherwise more or less idling.

Unsworth believes that his device is the only effective one of its kind available at the moment. NASA has built such devices which, he says, "have met with some trouble." In addition Exxon, through its new subsidiary Reliance, widely publicised a device in 1979, of which little has been heard since in the UK.

Valor claims savings with high solid paint

VALOR NEWHOME is claiming considerable benefits from a switch from low to high-solid paint for coating its fires and parts of its cookers.

Mr Jack Tiley, the manufacturing director says the new process has brought quality benefits, reduced material costs substantially and enabled the company to half painting production times from 16 hours to eight. Manpower savings are about 30 per cent.

Valor believes that it is the first gas appliance manufacturer in Europe to use high-solid paint in this way.

The paints were introduced in the UK this year by International Paint. According to Mr Peter Lovell, general manager of its Industrial Paints Division: "As well as reducing solvent waste and pollution, our customers need smaller quantities of paint because each litre contains more usable material."

Some 70 per cent of conventional wet paint is the oil-based solvent — necessary because application systems could not cope with a greater resin and pigment content.

Now high-speed electrostatic discs and bells operating at 20-40,000 rpm can impart the necessary energy needed to produce the finely atomised particles of paint.

The use of high-solid paint could save 30m litres of solvent for every 100m litres of paint applied, according to International Paint.

Mr Lovell says: "If a company already has an automatic plant, the cost of converting to high solids with discs or bells can be as low as £15,000."

Valor says the new process gives a consistent paint finish which was impossible to maintain with handspray systems.

International Paint is on 01-476 3031.

Taking it on board on flats

A WHOLE range of cargoes which hitherto could not be carried in cellular containerships can now be carried to vessels with the aid of a new range of 20 and 40 feet platform flats fitted with an inbuilt interlocking mechanism.

Seven of the 20 or 40 fleet flats locked together form a stack of eight by 20 by seven feet nine inches, or eight by 40 by eight feet, which can both be top lifted in the same way as any ISO container. No parts of the mechanism can be removed from the platform, says the developer, Sea Containers and this patented locking mechanism removes the need to use separate twist locks or any other form of lashing for empty positioning.

The Sea Containers range is made by Yorkshire Marine Containers (YMCL) at Beverley, Yorkshire and comprises 28 different types, including collapsible flat racks (whose ends fold down), open top containers, produce carriers and 9 cubic metre dry cargo units.

Versatec's latest workstation

IN THE newly announced Versatec 444 remote plotting workstation data is received over dial-up or leased lines at speeds between 2400 and 9600 bits/sec and is spooled to a 24 megabyte disc contained within the workstation.

Depending upon the type of data received, the model 444 will then perform vector ordering, vector to raster conversion and raster decompression. The CRT and keyboard enable users, via a screen menu, to define plot parameters, create "canned" sequences and carry out graphics manipulation.

The 444 emulates HASP remote workstations and provides IBM software and system protocol compatibility without requiring modification of the operating system.

It will support any Vesatec printer/plotter with any mix of paper widths. Versatec is at Newbury, Berkshire on 0635 42431.

.. POINTERS ..

On-line computer control of manufacturing

AN ON-LINE manufacturing computer control package called OMAC 29 has been released by ICL. It is written in Cobol and is designed to run on the company's 1900, ME29 and 2900 series machines.

Basis of the system is a common database which gives complete integration of all the tasks undertaking including stock and work in progress control, purchase order control, master scheduling of manufacturing, materials requirements, capacity requirements, cost establishment and cost monitoring.

OMAC 29 is for real time use, which means that transactions, enquiries and requests for reports and processing are made from local or remote video terminals. Input is checked and applied immediately to the common database. This terminal-based approach means that single or multiple factory sites can be controlled.

The various facilities mentioned above are available in modular form and the models are all inter-related.

A typical OMAC 29 module rents for about £160. ICL is at Putney on 01-788 7272.

Hydra—a package for the improvement of old sewers

MANY OF Britain's sewers are unbeautiful examples of Victoriana desperately in need of 1980's refurbishment and recent reports suggest that about £10m needs to be spent nationwide in the next era properly to maintain vital services.

A drainage design and analysis system called HYDRA is aimed at local authorities facing the problem of updating sewers under their control. Intended for use in civil engineering projects which involve the provision of drainage for industrial and domestic wastewater and rainwater, the programs can be run from the user's own premises, through a computer terminal, or from one of the local offices operated by HYDRA's creator, United Computer Systems.

Main function of this just-in-time problem solver is the analysis of flow in sewers. It can, however, be used also to design and cost out the sewerage systems to carry that flow and allows the engineer to cater for six potential sources of dry weather flow, either separately or in conjunction with storm flows.

Incorporated in the system are both the Rational Lloyd Davis model for storm water run-off in smaller systems and the hydrograph run-off model developed by the Road Research Laboratory, used for large systems. The latter may be analysed section by section without any loss of detail.

More information on 01-583 5112.

MEM launches a new electric motor starter unit

MORE THAN 10m electric motor starter units have now been manufactured by Midland Electric Manufacturing Company (MEM) and the current ADS-6 range has enjoyed over 15 years of success, becoming the most widely used boxed starter system in the UK according to the company.

With an investment of £750,000, MEM has now launched the successor, ADS-7. There are five models, all made on new production machinery at the Kings Road, Birmingham factory.

These automatic, direct on-line units, available for surface or flush mounting, come with a choice of four coil voltages and eight full load current ratings up to 16 amps (10 hp). There are similarly rated automatic reversing models, and a star-delta starter which offers four coil voltages and five full load current ratings up to 28 amps.

In each case the modern block contactor can be supplied with two additional auxiliary contacts and makes use of polyurethane insulated coil, silver cadmium oxide contacts and precision-ground magnets. More on 021 706 3300.

Controllers that can be set to specific points

AVAILABLE FROM Analogic of Weybridge, Surrey (0932 41251) are compact, self-contained set-point controllers for panel mounting designed for use in process control applications such as temperature, speed detection and fluid level control.

Basically, these devices compare the polarity and magnitude of a digital input (derived from a measuring instrument) against limits set by the operator. Deviations of the measured quantity from the set point, within certain limits, will give rise to corrective action or an alarm signal.

The AN 2581 from Analogic has front panel thumbwheel switches that allow preset limit entries. AN 2580 has two sets of wheels, allowing both high and low limits to be set.

Both controllers can have AC or DC power inputs, a choice of logic and/or relay contact closure outputs, and a choice of latched or unlatched output signals.

Cincinnati vertical boring machines now available

CINCINNATI-BUILT vertical boring machines have been added to a range offered in the UK by Warner and Swasey, Bristol Street House, 156, Bristol Street, Birmingham (021-622 1581).

Latest model is of fixed rail design with a reinforced buttress which ties the end of the rail to the fabricated column to give a monotype structure.

Arrived from U.S. Gray Warner and Swasey, the VFR has a five-station, bi-directional turret head and a maximum swing of 52 inches. It is powered by a 50 hp dc motor and standard chuck speeds come in high and low ranges going from 5.3 to 275 rev/min and 9.3 to 485 rev/min.

Johnson Controls launches new start controller

PLANT engineers and maintenance men should be interested in a solid state optimal start controller which promises to minimise energy consumption in buildings. It also gives people time off from the task of manually starting up heating, ventilating, and air-conditioning units.

Called the C-7505, the device is said to be easy to programme on an individual day basis.

The start controller has a holiday skip feature and in-built battery back-up and is the best value in its field, claims Johnson Control Systems, P.O. Box 79, Stonehill Green, Westlea Down, Swindon, Wiltshire (0793 26141).

THE MANAGEMENT PAGE EDITED BY CHRISTOPHER LORENZ

The pros and cons of video communication

BY ARNOLD KRANSDORFF

WHEN A major U.S. multinational wanted to illustrate an aspect of its activities to a team of brokers' analysts it found that the normal sort of presentation made little noticeable impact.

It wanted to impart the information that it made sophisticated machinery capable of turning molten glass into beer bottles at the rate of 350 a minute. The problem, it seems, is that the analysts were unable to comprehend the presentation.

What they needed, according to a survey by the company, was some visual assistance. Next time, this is exactly what they got—with the help of a video recorder.

Since this occasion several years ago, Emhart Corporation, a diversified manufacturing company (footwear, fasteners, chemicals, electronics) based in Connecticut, has come a long way—but the man who nursed it into the video age now warns that any abuse of the medium could be hazardous to corporate credibility.

Not only does Emhart use video to brief analysts, it now produces a film version of the group's annual general meeting and also the annual report. These are distributed in cassette form to shareholders, employees and customers; but last year the company also transmitted the videoed report to shareholders via satellite and cable television.

Emhart is also planning a video of its in-house newspaper and a quarterly "magazine" series of corporate commentary.

But John Budd, Emhart's vice-president of public relations, issues a warning to companies planning a similar route. "Corporate executives will have to exercise considerable caution in using the medium," he believes.

Speaking at a recent conference of the U.S. Corporate Accounting and Financial Reporting Institute, he warned: "Heavy-handed, slanted corporate propaganda served up as 'the facts' will abuse the flexibility of the medium, bring on regulation and abort its communicative value." This placed responsibility on company writers to maintain an "even-handed" editorial approach.

Restraint

For companies going into video, "there'll be no editors to check facts, no station manager to look for balance, and there'll be no fairness doctrine to inhibit enthusiasm—at least not at the start. In short, there will not be any third party to filter the content or the frequency of communications.

"Corporations will have to discipline themselves to use the medium with restraint. They (audiences) will not submit passively to corporate 'educating.' Business programming will have to be crisp and professional, relevant, interesting and informative. Demands on an audience's time and attention must be judiciously metered, lest it become an electronic free-for-all."

Budd, one of the U.S.'s leading innovators in electronic communications, believes that as many as 20 U.S. corporations may be producing electronic annual reports this year as a back-up to regular printed texts.

Looking even further ahead, he sees annual meetings carried live — worldwide — either by cable or by combination of satellite, cable, local TV and public broadcasting stations.

Among other developments he sees:

- corporate video magazines for shareholders and employees.
- shareholders receiving quarterly reports by either cable or UHF signals that are unscrambled with a decoder.
- teleconferences between executives and brokers, analysts and portfolio managers, thus obviating the need for personal presentations.

Explaining the background to Emhart's move into video reporting, Budd recalled that the company had been concerned for some time about the "virtual blizzard of statistics, charts, analyses and reports we are mandated to provide publicly."

"These are intended, legitimately, to make shareholders better informed. Instead, the volume and complexity of the data tend to overwhelm and confuse them. Rather than making the financial picture clearer, too often it clouds it."

After Emhart was merged with USM Corporation in 1976 — a move which substantially increased the volume and depth of financial reporting — all communicating methods were reviewed. In the event it was decided to "harness the freshness, the persuasiveness, the intimacy, the news flavour of television."

Copies of Budd's speech are available from Emhart, P.O. Box 2730, Hartford, Connecticut 06101.

A turnround of global proportions

Stewart Fleming describes the renaissance, from near closure, of ITT's German television interests

WHEN Horst Rosenbaum took control of International Telephone and Telegraph's West German consumer electronics operation in 1978 he suddenly found himself facing the prospect of either selling-off or closing down most of the business he thought he had been called in to run.

ITT's European consumer electronics operations were at that stage one of the company's biggest problem areas. A division of Standard Elektrik Lorenz (SEL), ITT's West German subsidiary, these operations went deep into losses between 1975-80—totalling some $50m.

In the three years since he joined the company, however, and at a time when other European television and consumer electronics groups have been suffering from squeezed profit margins and intensifying competition from Japanese concerns, SEL's business has been turned around.

Its success has been such that SEL is now the "lead house" company for ITT's worldwide consumer electronics operations and the centrepiece of ITT's international television manufacturing and exporting business. Rosenbaum clearly believes that the progress the company has made in the past three years towards greater efficiency and profitability demonstrates that a European-based television manufacturer can compete successfully with Japanese producers—provided it has a soundly-based business strategy, which amounts to a sufficiently high annual output to achieve economies of scale.

It is worth remembering, however, that ITT has restructured its European TV operation at a time when European manufacturers in their own domestic markets have been able to nestle reasonably comfortably behind the protection afforded by the non-tariff barrier created by the patents on AEG-Telefunken's PAL television system, which is the European standard. These patents are now expiring. The European producers are hoping that new patents for stereo sound in TVs will continue to provide some protection, especially in the large screen market. But there is a clear implication that those European manufacturers which have not restructured their businesses—and only ITT has achieved a radical improvement in its operations—are facing the task in a period of intensifying competition.

Inroads

It needs to be borne in mind too that the turnaround in ITT's consumer electronics operations is largely television based. Japanese producers have made much bigger inroads into the audio electronics market in Europe and ITT, in common with other European producers, still faces difficulties in this area, although its performance, based on production in the Far East is improving. Televisions, however, account for just under 60 per cent of ITT's European consumer electronics sales of some $800m.

The fact remains that ITT believes that in the 1980s it can compete effectively, especially at the top end of the world-wide television market, from a European manufacturing base in West Germany, one of the world's highest labour-cost economies. And it has arrived at this conclusion in part on the basis of bitter experience—not just theoretical planning. In the space of a year—1978-79—ITT opened and then closed a TV manufacturing plant in Singapore. It had a potential capacity of 400,000 sets a year and was set up with the objective of tapping a low-cost labour market. But high training costs and quality control difficulties in Singapore, coupled with the advantages of marketing a top-of-the-range large-screen TV with a "Made in West Germany" label, were factors which helped to convince ITT that manufacturing in West Germany was a profitable long-term strategy. Although the company is making smaller-screen models it clearly sees the 20-inch model with a high proportion of built-in special features as its key market.

Horst Rosenbaum—high hopes for a place in the world television market

Creating the conditions in which it could operate profitably from a European base, and convincing ITT's head office in New York that the plans would work, have been the major tasks of the 48-year-old Rosenbaum since he quit SEL's competitor, Bosch, three years ago.

The task was more complicated than it might appear, for not only did SEL have to develop a new strategy, it had to do so against a background of top management instability at ITT's world headquarters in New York. Rosenbaum's brief period with ITT has coincided with the end of the U.S. company's "Harold Geneen era." The period saw the retirement from day-to-day management of Geneen, the man who in the 1960s and 1970s transformed ITT into an international conglomerate, the sacking of his successor, Lyman Hamilton, who seemed bent on ridding the company of its European consumer electronics operation, and the succession of Rand Araskog, who has been instrumental in backing the strategy which now seems to be succeeding.

Throughout these upheavals the fact that in 1977 ITT sold 14 per cent of SEL's equity to the West German public appears to have been a factor giving the subsidiary at least some "countervailing power" in formulating its long-term corporate strategy.

This strategy evolved from an internal study of the company's television operations begun in 1978 even as ITT was examing the potential sale of its European television interests to competitors such as Thompson Brandt of France or Philips, the Dutch electronics group. The assessment came to the conclusion that ITT should stay in the television business, that it could do so profitably, but that success would require restructuring its operations and heavy investment in new equipment.

Foolish

Behind the decision lay the judgment that production of the television chassis would have to be concentrated on a single, highly efficient plant, and the choice was made that its existing Bochum facility, already then its most modern, would be selected for future development. This year the Bochum plant will have an output of around 1m sets and Rosenbaum claims that in terms of the value of the output it will be the world's biggest television manufacturing facility.

At a more fundamental level the commitment to a heavy investment programme was based on the view that it would be foolish for an international telecommunications concern the size of ITT, capable of delivering information around the world, to "stop just before the end of the chain," as Rosenbaum puts it.

The end of the chain in this case is the television set in the home complete with the sort of enhanced features made available by the use of microelectronics, such as a two way communication facility allowing the viewer either to access a prepared data base or eventually, order his groceries from the convenience of his armchair.

The increasing application of sophisticated micro-electronics technology to televisions was another factor which led the company to stay in the business. The television market provides another opportunity for ITT to employ its research and development expertise which it claims still gives it the edge over its Japanese competitors.

"We have such deep know-how in the further development of the TV that we are far ahead of the Japanese," Rosenbaum says. "They are very good at the application of existing R and D; our job is to match them in selling basic R and D in consumer products—the application of our R and D to a cost effective marketable product. We know all about the colour TV of the future, our task is to build it and market it in a competitive way."

In order to get to the position where it can produce today's TVs (and not just those of tomorrow) efficiency, ITT has in the past two years closed down its manufacturing plants in Austria and Italy, sold its French operation to the Swedish group Electrolux (but secured a five year supply contract from the Swedes in return) and cut back its operations to only one assembly plant in the UK, where the business is now operating much more successfully. Thus instead of a range of facilities spread around Europe each producing between 100,000 and 300,000 sets, ITT now has one major manufacturing facility in West Germany big enough to achieve optimal economies of scale. Its workforce in the consumer products division in Europe has been cut from 13,200 in 1978 to 8,400 today. Some $23m has been spent just on the new equipment needed to raise productivity.

Whereas in 1978 it was taking the company around 220 minutes to build a TV set today the figure is down to between 120 and 150 minutes, says Rosenbaum. Further heavy investment is planned to take automation a stage further and get production time down to under 100 minutes. The impact of this on employment will depend on output growth. That in turn will depend in part on the company's performance in export markets, for the West German facility is the base from which ITT will supply the world TV markets it is aiming at.

Knock-down

Already it exports to a number of countries including Argentina where its knock-down sets are assembled. It is also now examining exporting from Europe to the U.S., where, ironically, the New York based conglomerate has no TV market share.

According to Rosenbaum, the strategy is already paying dividends in terms of profits. In the last quarter of 1980 the division moved out of the red and it is expected to be in the black this year. The company's share in its major markets is improving, although it remains one of the smaller European manufacturers with a share of around 12 per cent in West Germany, for example. It is preparing to push ahead aggressively with the development of a digital television set to be launched in 1983, which it believes offers better quality pictures as well as manufacturing advantages, and which it hopes will stimulate sales.

The world's television manufacturers now have to reckon with a re-invigorated and committed ITT as a competitor, and a competitor which has already prepared itself for the tougher competition that lies ahead.

LOMBARD

Restoring the consensus

BY ANATOLE KALETSKY

"THE FUNDAMENTAL message of the Finance Bill is one of deflation at a time of severe slump. The equally clear message of the Warrington by-election is that this is unacceptable to the British population. The second clear message from Warrington is that the absurd economic policies of the Labour Party are also unacceptable." Thus began the succinct statement of Social Democratic economic policy given by the SDP's economic spokesman, Mr John Horam, in the Commons on Monday.

The Social Democrats have made few detailed pronouncements on economic policy and their spokesmen are unusually lucid and intelligent, so it is instructive to weigh carefully the wording of the exiguous pronouncements that do exist. After what might be called the pyrrhic defeat celebrated by Mr Roy Jenkins at Warrington last week, such close textual analysis is all but indispensable.

Two intriguing points emerge from the three sentences I have quoted from Mr Horam's speech. The significance of the rest of his speech, which outlined the SDP's programme for reflating the economy and noted that "a severe incomes policy" could well be necessary, requires no such detailed elucidation.

Class bias

First, there is the order in which the "messages from Warrington" are presented. The first message from Warrington is addressed to the Conservatives, not to Labour, and the electoral facts bear this out. In some ways the Conservative performance in the by-election was even more disastrous than Labour's. Far from being typical of "Liberal revivals" in the mid-terms of Conservative Governments, the 7.2 per cent polled by the Tories is an almost unprecedented humiliation. Only twice in the past decade has the Conservative Party done worse than this—in Carmarthen (with 5.7 per cent) and Glasgow, Govan (with 7.05 per cent) in 1974. In both these cases the Nationalist vote was a localised factor with which the Conservative leadership could console itself. There was no such excuse at Warrington.

Even more serious for the Tories is the demographic and class bias in Britain's system of constituencies, which means that a Liberal-SDP breakthrough which fell short of giving them victory would do far more damage to Conservative representation than to Labour's. For example, if each of the three parties polled 32 per cent, Labour would probably come within a hair's breadth of getting an overall majority in Parliament. If the SDP-Liberals did anything like as well as in Warrington and the other parties evenly split the rest of the vote, then the Conservative Party would be almost wiped out, while Labour would retain most of its seats.

The importance of the second textual subtlety in Mr Horam's speech follows from this psephology which points to coalition government in the future. While the Tories' economic policies are "unacceptable" to the British electorate, the Labour Party's policies are not only "unacceptable" but also "absurd."

Whether Mr Horam intended to convey this message or not, SDP statements on the economy suggest that their views are a good deal closer to those of many Tory MPs than to those of the policy-making Left-wing of the Labour Party. This is not to say that Social Democrats find Thatcherism any more attractive than Bennery. But neither do many Conservatives. The SDP, like many "moderate" Conservatives and Labour members, seem to believe in the old "consensus" Keynesian policies which are rejected and ridiculed by both Benn and Thatcher.

But, while Labour is moving at an accelerating rate away from the belief in old-fashioned Keynesian policies, the Tories have already had their radical experiment.

The choice

Thus if the SDP-Liberal upsurge continues, it is quite likely that in 1984 the electorate will be presented not with a choice between Right-wing radicalism, social democracy and traditional Labour policies. Instead the choice could lie between full blooded socialism on the one hand and some form of "moderate consensus," based on old-fashioned Keynesian nostrums on the other hand.

Why it's the worst summer for years

BY ANTHONY MORETON

AROUND BRITAIN

ON HOLIDAY

THERE IS a hotel facing one of Newquay's famous beaches which has a notice on its bar saying: "Sandwiches only served to residents." The manager was complaining that trade was bad and, with such underwhelming hospitality, it was not difficult to see why.

To the north, in Douglas, on the Isle of Man, one of the best hotels displays its menu at the front door. The following is the first main course: Bifteck a Cheval (8 oz of choice rump or sirloin steak topped with two eggs fried in butter). No mention that for £4.50 (plus VAT) the cheval is more suitable for riding than milking.

Both Newquay and Douglas are having a bad season, with the number of visitors to the Isle of Man already a quarter down on the same period last year. Torquay is reported to have 40 per cent fewer visitors this year with one alarming report of a hotel 90 per cent down on last year. Scarborough is 25-30 per cent down, Blackpool 20 per cent and while Great Yarmouth claims that it is only 10 per cent down this is almost certainly a gross understatement. In the Channel Islands both Jersey and Guernsey have had to step up their advertising budgets.

In Cornwall the position is said to be "awful. We are getting cancellations with every post. It's the worst summer for years, probably the worst since the war."

That sums up the present position. The British holiday resort is having its worst summer since the war.

The reasons are numerous: weather, prices, unemployment, dear petrol, indifferent facilities, foreign competition, fewer foreign visitors. But they also mask changing trends in holidaymaking.

Mr George Carter, director of tourism in the Isle of Man, says: "In the old days people booked in January and we knew what sort of season was ahead of us. There may have been some stragglers but if you did not book early you did not get in.

"Not now. The pattern is changing. People tend to leave things to the last minute and the position is compounded this year by serious unemployment. Even those who have booked are having to cancel as they lose their jobs."

At Scarborough, the summer traditional season is said to be on the way out. "The days of candyfloss and donkey rides are gone. There will always be some holidaymakers who want a bucket-and-spade week but the growth of car ownership has destroyed this," said one official.

"Our visitors now tend to come over a longer period, with a peak in August still because of the school holidays, but they tend to use the town much more as a centre, from which to visit Whitby, York and the Yorkshire Moors than just stay on the beach.

"We have also had to come to terms with the end of the traditional movements of people. In the old days the bulk of our visitors came from industrial West Yorkshire. Whole towns would shut at the same time and would come here. Neighbours, streets even, arrived at the same time. Not now."

There is no single overriding reason why this year should be so bad in the resorts because many factors are interrelated, but the two most important that come up in conversation are the recession and the weather.

This is the third summer in a row when the weather has been miserable and it has played havoc with the spending patterns of those who have managed to get away. Who wants to buy an ice-cream with the rain coming down steadily or a north-west wind coming off the sea?

The weather is now a much more important factor given the changed nature of holiday planning. Increasingly, people are not obliged to take the last week in July and the first in August, the standard pattern for so long in so many factories.

With holiday decisions, especially for those taken in Britain, being made much nearer the day of departure, this year's cold May induced people to put off taking a break. Also people out of work have to economise on holidays.

The other main factors are British prices and the competition offered by foreign resorts.

It is now difficult to find a two-star hotel that will charge under £15 a night with another £5 for dinner. At this level the average family of mother and father and two children must find £560 a week before they lock their own front door.

Self-catering becomes an attractive alternative. A new apartment-hotel just opened at Port Erin on the Isle of Man charges £18 a night for a "flat" that has two bedrooms and a put-you-up bed. It is hardly surprising these are gaining in interest, especially when they are probably better fitted out than the home Mr and Mrs Average and their family have just left.

Nor is the price consciousness confined to the manual worker. The Leeming House Hotel, on Ullswater, a hotel that all the guide books praise—"a small Georgian residence, elegantly furnished" according to the

The days of donkey rides and candyfloss are over

AA—charges £50 a night for a double room. This includes continental breakfast but if you prefer the more hearty stuff beloved of the English the hotel charges another £3 each.

Given both low-cost foreign competition—a fortnight in Benidorm, £139—and the recession, some British resorts, hoteliers and travel operators have begun to fight back. Weekend breaks at lower prices, thematic holidays (pony trekking in Wales, golf in Scotland, east coast cathedrals), and even (whisper it quietly) some price reductions are on offer.

Sealink, for instance, is advertising "Holiday Channel Islands at a price you can afford." It is quoting a week in Jersey or Guernsey for £125 with "lots of extras thrown in." They need to do something to fill the rooms because there are also fewer foreign visitors this year.

Official figures from the British Tourist Authority stop at April but they show that the number of arrivals from North America in the first four months this year dropped by 8.3 per cent compared with 1980, those from the other EEC countries by 8.6 per cent, and from countries such as Australia, Japan, New Zealand by 13.6 per cent.

The evidence of one's eyes confirms the figures. There are fewer German, French and Swedish cars meandering across the Yorkshire dales or through Devon lanes. The French are still here in reasonable numbers but the reports are that they are apportioning their spending with Gallic conservatism.

Indeed, everyone is spending with caution. Foreigner and Briton both find Britain expensive, especially in relation to the facilities offered. Value and quality, or more often the lack of them, are the most often-quoted comments when people are asked what they think of our hotels, camp sites, picnic areas and tourist attractions.

Ascot call for Telephone Man

RACING

BY DOMINIC WIGAN

THE EMPHASIS is on quality rather than quantity at Ascot today with the Cranbourn Chase Stakes, the Sandwich Stakes and the Rous Memorial Stakes all attracting single-figure fields. The biggest turnout is for the Chester Apprentice Handicap, where there are 12 runners.

For many, the most absorbing race will be the Sandwich Stakes. The eight runners include Cornish Echo, Telephone Man and the highly rated newcomer Loyal Toast.

Cornish Echo, a chestnut half-brother by Oats to Fingal's Cave, ran an encouraging race on his debut at Salisbury recently. He is likely to be all the better for that outing and it is interesting to note that his trainer, John Sutcliffe, who saddles few two-year-olds on this course, has secured the services of Pat Eddery.

A market move for Cornish Echo should be noted, as should one for the Pulborough representative Loyal Toast, who has a formidable home reputation.

By the Calumet Farm stallion Raise a Cup, who showed brilliant speed as a two-year-old (his only season in action), Loyal Toast is out of that good mare Queen Ribot.

Lester Piggott, for whom any two-year-old booking outside Henry Cecil's string is worth noting, rides Max Fine's colt Telephone Man.

This powerfully made Paul Kelleway runner did extremely well from a bad draw when a fast finishing second to Whey in a 25-runner event at Kempton in May. He then put in another creditable display in the six-furlong Coventry Stakes, finishing fourth to Red Sunset.

Telephone Man, some two-and-a-half lengths behind Bronowski in the Coventry, will be seen to better advantage over today's extra furlong and is preferred.

The other event for two-year-olds, the Virginia Water Maiden Stakes, may also fall to Piggott for Harry Wragg has booked him for Abington Place's most highly rated On The House—a Be My Guest filly out of the Lorenzaccio mare, Lora.

ASCOT

2.30—Swan Princess
3.00—On the House**
4.05—Telephone Man***
4.35—Countess Virginia*

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

[illegible]

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40-7.55 am Open University (uhf only). 1.12 pm Regional news (except London). 1.15 News. 1.30 How Do You Do. 3.45 Tram. 4.18 Regional News (except London). 4.20 Play School. 4.45 The Space Sentinels. 5.05 The Best of Horses Galore. 5.30 Paddington.
5.40 News.
5.55 Regional News.
6.20 Nationwide.
7.00 The Liver Birds.
7.30 Whatever Happened to the Likely Lads.
8.00 Grace Kennedy and the King's Singers.
8.30 Love Story.
9.00 News.
9.25 Royal International Horse Show.
10.45 See regions below for details.
11.15 Headlines.
11.20-1.05 am Film: "Unman, Wittering and Zigo," David Hemmings.

All Regions as BBC-1 except at the following times:

BBC Cymru / Wales—1.30-1.45 pm Bys a Bawd. 5.05-5.10 The Perishers. 5.10-5.40 Cl o'r Bwr Samson. 5.55-6.20 Wales Today. 7.00-7.30 Heddiw. 7.30-8.00 Y Royal Welsh. 8.00-8.30 Bellamy's Backyard Safari. 10.45-11.15 Week In Week Out. 11.15-11.20 News. 1.05 am Weather.

Scotland—9.50-9.55 am Wombles. 9.55-10.10 Jackanory. 10.10-10.35 Champion the Wonder Horse. 10.35-10.55 Take Hart. 1.10-1.15 pm Scottish News. 5.55-6.20 Reporting Scotland. 10.45-11.15 The Beechgrove Garden. 11.15-11.20 News.

Northern Ireland—4.18-4.20 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45-11.15 Cook with Clare: cooking made easy with Clare Connery. 11.15-11.20 News. 1.05 am News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.45-11.15 East (Norwich) Weekend. London and South East, Jack Dienal in London. Midlands (Birmingham), This Is ... Waterfall. North (Leeds), Direct Line: animal experiments: Lines to Leeds 446222 open at 7.00 pm. North East (Newcastle), Heroes: Kevin Keegan. North West (Manchester), Nelson Civic Ladies Choir. South (Southampton), The Chipperfield Safari. South West (Plymouth), That's Rich (new series) with Craig Rich; West (Bristol), Day Out: Tetbury.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.15 pm Racing from Ascot.
4.50 Open University.
6.55 Six Fifty-five Special.
7.30 News.
7.45 Gardeners' World.
8.10 Film: "The Empress Dowager."
10.15 Stuart Burrows Sings.
10.50 Newsnight.
11.35 Bullseye: Darts.
†12.05 am Film: Laurel and Hardy—"Beau Chumps."

LONDON

9.30 am Larry the Lamb. 9.40 Story of Wine. 10.10 Bubbles. 10.15 Nature of Things. 11.05 The Ante-Room. 11.59 Handful of Songs. 12.10 pm Once Upon a Time. 12.30 One in a Hundred. 1.00 News. Financial Times Index. 1.20 Thames News. 1.30 Emmerdale Farm. 2.00 House-party. 2.25 Best Sellers: The Word. 4.15 Bugs Bunny. 4.20 Adventures of Black Beauty. 4.45 Freetime. 5.15 Sale of the Century.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Winner Takes All.
7.30 Return Of The Saint.
8.30 That Beryl Marston . . . !
9.00 Ladykillers.
10.00 News.
10.30 Police 5.
10.40 End of Part One.
11.10 The Shattered Dream: Employment in the '30s. The End of Full Employment.
12.10 am George Hamilton IV.
12.40 Personal Choice with Peregrine Worthorne.

All IBA Regions as London, except at the following times:

ANGLIA

[illegible]

ATV

[illegible]

BORDER

[illegible]

CHANNEL

[illegible]

GRAMPIAN

[illegible]

GRANADA

[illegible]

HTV

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

(S) Stereophonic broadcast
†Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Dave Lee Travis. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Andy Peebles. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 10.00 Friday Rock Show (S).

RADIO 2

[illegible]

RADIO 3

[illegible]

RADIO 4

[illegible]

F.T. CROSSWORD PUZZLE No. 4,628

ACROSS

1 Revolutionary liquid oxygen carrier (6)
4 There's still water in fifty cent kettles (8)
9 Sauce flavour? (6)
10 A little precipitation in Chopin's prelude (8)
12 Erstwhile carrier and shipper (8)
13 A wild horse on the beach (6)
15 Play parts from the book (4)
16 It is on the right lines to find capital (2-5)
20 Novel game on the hearth? (7)
21 Dismal university athlete (4)
25 Tricky thief's object of irrational reverence (6)
26 Memento of being bitter about first act of Julius Caesar (8)
28 Tea at home observed to be feller's equipment (5-3)
29 Champion to think back about start of games (6)
30 Main current I created in a way (4-4)
31 Court exchanges seldom real these days (6)

DOWN

1 Standard means to change fare from Italy (8)
2 Everybody at Ringway to see orthodox doctor (8)
3 Hardly a tricky call (6)
5 Circular letter to fellow in the Sultanate (4)
6 Describing line made by rulers? (8)
7 Tear from bed, in revolt over the cause (6)
8 Private papers destroyed (6)
11 To domineer over husband, female has to eat sparingly (7)
14 Elevated situation of early rock music (7)
17 Sr Pinero troubled, having one inside? (8)
18 First of the arched dreamers? (8)
19 Tune Iris renders gets on one's nerves (8)
22 Boycott's remnant? (6)
23 Ply in London street . . . (6)
24 . . . meeting-place in Broad Street (6)
27 Soft mineral found in Emmental cheese (4)

Solution to Puzzle No. 4,627

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INTERNATIONAL & BRITISH EDITORIAL & ADVERTISEMENT OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex: 16527. Tel: 276 796.
Birmingham: Editorial and Advertising George Hse., George Rd., B15 1PG. Telex: 338650. Tel: 021-454 0922.
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FINANCIAL TIMES SURVEY

Friday July 24 1981

International Packaging

The economic recession and soaring fuel prices have taken their toll of the industry, but they have also succeeded in giving an impetus to constructive development in packaging and in concentrating the minds of manufacturers and public on the need for a positive approach to conservation.

Using waste to good effect

By Maurice Samuelson

THE PACKAGING industry throughout the world is suffering from the effects of economic recession. Falling sales of all the main forms of containers and wrappers—of metal, glass, paper, board and plastics—have led to factory closures and wide-scale redundancies.

The root cause is the one underlying the whole recession—the rocketing of fuel prices since the 1970s. The processes by which most materials are made are either energy-intensive or, as in the case of plastics, depend upon oil as a feedstock and are closely affected by the changing price of oil.

Yet the economic crisis could be a blessing in disguise. The shocked discovery that natural resources are finite and cannot be squandered blindly has, for the first time, focused critical and constructive attention to the packaging industry by its manufacturers and customers alike.

Admittedly, some of the public attention is naive and ill-informed. The more extreme adherents of the environmentalist lobbies seem to downgrade the vital role of packaging and adopt an almost abolitionist approach to it. But by and large they have been a positive influence.

Public opinion, together with commercial self-interest, deserves credit for the waste reclamation schemes developed by the various industries. In the UK it is doubtful whether the glass manufacturers would have launched their "bottle banks" with such gusto had it not been for protests by Friends of the Earth about how wasteful it is to use a bottle only once. The recycled bottles are now used to increase the "cullet," or waste glass, in the glass making process.

This helps to reduce manufacturers' energy consumption. Even so, the Friends of the Earth belittle this energy saving. They say the "bottle banks" are a publicity gimmick and that the same bottles should be used several times, as happens with milk bottles and returnable lemonade bottles. Hence their support for an EEC directive to Governments to promote returnable beverage containers.

But they quietly admit that the EEC directive, now in its ninth draft, is only a pale shadow of earlier drafts and stands little immediate chance of becoming law. They are also supporting a parliamentary Bill tabled by Lord Beaumont, for which the second reading was recently deferred to next November.

For its part, the British Government prefers to let the packaging industry find its own solutions through a voluntary code of practice. This is the task of a Packaging Council formed, on the lines of the Press Council to handle complaints by people who claim the code has been broken. The risks of intervention over packaging have been shown in Denmark which is being sued by the EEC for alleged trade obstruction because of a Danish law curbing the use of beverage cans.

Recovery plants

Although other countries may at some stage consider anti-waste legislation, like that adopted by some U.S. states, a combination of voluntary conservation and recycling schemes will probably have more impact. In the U.S., the world leader in consumption of most packaging materials (see table), special recovery plants are being developed to process assorted waste. The American Can company has built a plant at Milwaukee, which recovers metals and glass, processes plastics into fuel, and recovers paper either for recycling or for fuel.

Many of the new packaging developments also originate in the U.S. In Britain, American companies have set the pace for replacing traditional three-piece cans with two-piece cans, much faster than Metal Box, the British market leader, had intended. The U.S. has also led the way with the decorative Plastishield bottles, the product with which the glass industry in the UK and elsewhere is fighting back against the plastic PET bottles, another American innovation.

In the U.S., too, the spread of fast-heating microwave ovens is threatening to displace aluminium as the main packaging for ready to cook, frozen foods. Since aluminium is unsuitable for use in a microwave oven, it is being replaced by "ovenable" boards coated with polyester or other plastics. Since up to a quarter of U.S. households may be equipped with microwave by 1985, the implications are of immediate interest. In Britain, microwaves are still uncommon, but here too they are said to be increasing rapidly.

The significance of these developments is being monitored closely in Britain at PIRA, the research association for the packaging, paper and printing industries, based at Leatherhead, Surrey. Although established to service British industries, it also monitors developments in packaging around the world.

Two of its recent reports deserve attention. The first, a brief paper, by Mr Ron Goddard, deals with new technical developments. But it also contains a strong and reasoned defence of the packaging industry against some of its environmentalist critics. The other document, which can be mentioned here only briefly, is a massive and authoritative study of the cost and availability of packaging up to 1985 by Mrs Rowena Mills and Mr Roger Lushington, the leading consultants to the industry.

Mr Goddard,* tracing the assault on packaging back to the U.S. consumer protectionists of the 1960s, says that the original criticisms coincided with technological advances which were reducing its total costs.

When this was recognised, the attack on packaging was switched to a number of other grounds — as a waste of resources, including energy; as an extra cost on products; as exaggerating the actual size or value of goods; as spreading litter; and as a curb on consumer choice.

While admitting the force of some of these allegations, Mr Goddard claims that they arise "*mainly from a lack of understanding of the total role of packaging and a confusion of cause and effect*". He argues that:

- All industrial activities consume material and energy resources but that packaging uses only a small proportion of them.
- Some products could not exist without packaging (e.g., aerosol paints), and many could not be distributed (carbonated drinks).
- While there is certainly some "strictly unnecessary" packaging (chocolate boxes, cosmetics, etc), in the great majority of cases a simple comparison of prices in supermarkets and local traditional shops will confirm that in the former, benefiting from the packaging methods, costs to the final customer are lower.
- Deceptive presentation has occurred since before packaging was invented—but that this is a question of ethics and morality.

On calls for compulsory introduction of returnable beverage containers, Mr Goddard points out that if the total delivered cost to the consumer had been lower for returnables, then there would not have been a large switch to non-returnables in the first place.

Turning to the industry's future, Mr Goddard picks out several trends:

- Energy recovery from domestic refuse will greatly expand. The calorific value of paper and plastic packaging materials will be counted as benefits and the fact that they may be used twice (one for packing, then to provide energy) "will alter the attitude to them."
- The industry will develop more performance-effective materials and get "more for less."
- Standardisation of pack design, facilitating the use of returnable containers, will probably increase since it has economic advantages to users and consumers.
- In the UK and Europe the continuing change to large supermarkets and hypermarkets will alter merchandising methods and pack types.
- More "direct sell" packs and cage pallets will be used between the factory and the supermarket floor, thus reducing transit packing.

The detailed and painstaking analysis by Mills and Lushington** is a sequel to a forecast of price and materials movements from 1976 to 1980 which PIRA commissioned in the wake of the 1973-74 oil crises. The present study, on trends from 1980-85, was prompted by the 1978-79 oil crisis.

Published last October, it finds that all packaging materials are likely to be freely available for 1981 and part of 1982. By the middle of the period, markets are expected to become tighter, but only primary aluminium production is likely to inhibit demand. Its key conclusions for 1980-85 include:

Aluminium foil: The overall rate of price increase at 60 per cent will be in excess of the 52 per cent forecast increase in inflation.

Glass containers: direct production costs will rise by 68 per cent; UK demand will rise. There will be adequate capacity but imports, priced some 5 per cent lower, will remain a threat to the UK industry.

Tinplate: will rise by 57 per cent;

Paper and board: will rise by 56 and 64 per cent respectively;

Plastics: will rise from 56 per cent for polyethylene to 74 per cent for polystyrene.

*Technological Developments—New Materials, by R. R. Goddard;

**Cost and Availability of Packaging 1980-85, by Rowena Mills and Roger Lushington.

Both published by PIRA, Randalls Road, Leatherhead, Surrey.

CONSUMPTION OF PACKAGING MATERIALS PER CAPITA PER ANNUM (kg)

	Japan	U.S.	Belgium & Luxembourg	France	Germany	Italy	Netherlands	UK
Steel and tinplate	11.5	30	16	10	8.5	7.5	17	18
Aluminium		4	1.5	1	1.5	0.75	1.25	1
Glass	17.5	47	40	39	41	28	34	35
Paper		19	21	14	14	15	22	14
Board	77.5	33	7.5	11	12	7	12	12
Fibreboard		70	24	29	23	18	28	24
Cellulose film	0.75	0.75	0.75	0.5	0.5	0.5	0.75	1
Plastics	12	11	17	11	13.5	8	11	8
TOTAL	119.25	214.75	127.75	115.5	114	84.75	126	113

Source: Ron Goddard PIRA.

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Hopes pinned on a recovery of confidence

Paper and board

ANDREW FISHER

1980 WAS a depressing year for the packaging sector, especially in the UK, and the current year is hardly looking better. Most people in the industry prefer to look ahead to 1982 in the hope that profits will then start to revive after recent heavy destocking and the effects of the enforced slimming operations caused by recessionary conditions.

At the start of last year there was a certain amount of optimism within paper and packaging companies. But demand dropped, stiff price competition emerged, and energy and other costs began to move ahead more swiftly. In these conditions selling prices which had last been put up in the spring of 1980 could not then be raised again in the autumn.

Stockbrokers Laing and Cruikshank pointed out in a recent major review of the industry—UK Paper and Packaging Directory (1981-82)—that UK price levels were also undercut by the rise in sterling against the major European currencies on the Continent. Against West Germany, for instance, where paper and board output rose slightly in 1980 to a record 7.5m tonnes, the pound has risen from DM 3.8 to over DM 4.5. Moreover, German inflation has been much lower than in Britain.

The general hope, said Laing and Cruikshank, "is that destocking has run its course and that against a background of falling inflation and interest rates, confidence will recover and lead to a sharp pick-up in volume from a low level." These words were written in May. Since then prospects of more cuts in inflation and interest rates have become rather dimmer.

"When the revival does come," the stockbroking firm added, "the effect on the industry's profits should be considerable as break-even points have been reduced by the shedding of surplus labour (reductions of 15-20 per cent are common) and in addition working practices have been improved and weaker operations closed."

The UK experience was much severer last year than in the rest of the EEC, where Germany was at the top of the performance scale. Both output and use of paper and board were some 2.5 per cent lower in the EEC in 1980. Imports grew by nearly 2 per cent and exports by 9 per cent. In Britain, consumption was down 9 per cent and production by 9.5 per cent.

The magazine Paper characterised 1980 in its latest annual review as "a poor year for most and disastrous for some" in the UK. The industry contracted by around a fifth and imports, though down in volume, took over half of the domestic market. Altogether, the UK paper and board industry lost 18 mills, 49 machines and 10,000 jobs.

Clearly, the recession bit into the British industry far earlier and deeper. But there is concern throughout the EEC at the way in which rising interest costs and interest rates have made it harder for mills to run at acceptable profitable levels. M Albert de Monts, director of CEPAC (European Confederation of pulp, paper and board industries), wrote in the Paper annual review that apart from stiff competition among EEC countries, the Community faced heavy outside competition and was largely dependent on imports of timber and pulp.

He pointed out that the cost of wood was between 50 and 100 per cent higher in the EEC than in North America. It was often more expensive than in Scandinavia as well, because of the way in which the spread of the EEC forests raised costs and of the lack of direct integration in the industry.

On top of these disadvantages, he cited "the artificially maintained low energy costs and very high amounts of state aid some of our competitors have the benefit of." As a result, CEPAC has been lobbying in Brussels. A key part of its programme is to try to reduce EEC dependence on papermaking raw materials from outside the member countries through better use of their own resources.

EEC authorities have also promised more consistent implementation of free trade agreements with Nordic countries and Austria, said M de Monts. In addition, they renewed their commitment to work on reducing the duty-free newsprint quota after 1984. The EEC is also concerned about energy prices in Canada. Bearing out their low level relative to Europe is the recent decision of Consolidated Bathurst to reopen Bowater's Ellesmere Port mill, using more cheaply produced Canadian pulp for newsprint.

A major problem facing the packaging sector is the lack of growth, and of growth expectations, in the major customer industries. This is especially pronounced in the UK, of which Laing and Cruikshank noted: "The tendency is for food consumption to decline and the consumer durable industry to lose market share to imported goods." The printing and publishing industries have also contracted, with foreign competitors taking full advantage.

Back in the early 1970s, profit margins of over 10 per cent on turnover were achieved. By 1979, however, anything above the 8 per cent mark was viewed as reasonable. "It is possible that in 1983, 6-7 per cent will be a reasonable figure," said the stockbroking firm.

Its data-packed review also contained a depressing rundown of how UK capacity has diminished since the late 1970s. Papermaking capacity, at 3.78m tonnes a year, is now some 790,000 tonnes lower—excluding tissues—than at the end of 1978. Within this total, capacity for corrugated casemaking materials has fallen by 133,000 tonnes to 955,000 tonnes, that for packaging and industrial board by 181,000 to 942,000 tonnes, and that for packaging, industrial and miscellaneous paper grades by 348,000 to 565,000 tonnes.

Across the Atlantic, North American paper and board mills have managed to weather the recession a lot more sturdily, though 1980 was certainly not a bumper year. In the U.S., total mill output was slightly down, with production in Canada fairly flat. Quoted in the comprehensive review by Paper magazine, Mr Brian Topp, analyst with Jones Heward of Montreal, said major mill closures in hte UK and other European countries would benefit the Canadians.

He also thought Canada would continue to be a low-cost producer of pulp and paper products, as well as building materials, with the low Canadian currency and Government assistance programmes encouraging modernisation and expansion. This, without doubt, is hardly music to European ears. Brussels lobbyists are likely to be increasingly busy over the next few years.

EEC PAPER AND BOARD 1980
(m tonnes)

	Production	Imports	Exports
West Germany	7.5	3.8	1.7
France	5.2	2.1	1.1
Italy	4.9	1.0	0.7
UK	3.8	3.5	0.5
Netherlands	1.7	1.4	0.9
Belgium	0.9	1.0	0.5
Denmark	0.3	0.7	0.2
Ireland	0.06	0.3	0.04
EEC total	24.3 (−2.6%)	13.8 (+2%)	5.5 (+9.1%)

Climate of uncertainty in a specialised market

Tinplate

HAZEL DUFFY

TINPLATE IS A highly specialised material produced almost exclusively for the packaging industry. About 90 per cent of its output is destined for canmaking, the remainder being used in small quantities in various trypes of engineering.

In spite of its narrowly defined market, it is an internationally traded commodity — much more so, in fact, than the product area into which it is sold. This fact needs to be borne in mind when discussing the factors which determine the price of tinplate to the canmaker, especially as the canmaking industry is strongly domestically based.

Demand for tinplate, therefore, is dependent on the level of activity in the canmaking industry worldwide, which in turn is determined by the level of consumer purchases of canned foods and beverages, and the general line of cans used for the packaging of oils, paints, etc. This remoteness from the final consumer is common to other steel-based materials, but the unsual characteristic of tinplate is that it is purchased by a relatively small number of customers.

Tinplate has rivals, not only in the wider sense of alternative packaging materials to the can such as plastic containers but more specifically in aluminium. This is used widely as the material for cans in the U.S., where the price can sometimes be cheaper than tinplate. It is used less in Europe, but it is notable that the new two-piece canmaking lines being put down can be switched from tinplate to aluminium if the price differential warrants such a change.

Hot-rolled steel coil is the main raw material in the manufacture of tinplate, the price of steel playing a key role in the price at which finished tinplate is sold. But the price of tin is also a considerable factor — PIRA (Packaging Industry Research Association) estimates that raw materials account for about 77 per cent of tinplate production costs in the UK, split roughly one-sixth tin to five-sixths steel coil.

The British Steel Corporation, sole producer of tinplate in the UK, is the largest tinplate producer in Europe. It averages about a quarter of European production. This has not prevented imports of tinplate increasing over the years.

Last year imports were 306,000 tonnes against 171,000 tonnes in 1979. Admittedly 1980 was the year of the three-months steel strike in the UK, but it is still significant that even the 1979 level was two-and-a-half times that of five years earlier.

Imports of tinplate in the past few years have been due partly to the fact that the manufacturers of the new two-piece cans have been experimenting with the qualities of different tinplate producers. American Can, which has commissioned a new two-piece plant at Runcorn, was importing most of its tinplate from the U.S. and the Continent until recently. It is likely, however, that the major portion will in future be sourced from BSC, which has been investing to improve the quality of its two-piece tinplate.

After steep increases in Europe during the 1970s, price undercutting in tinplate has been the order of the day as the world steel recession has intensified, to the extent that it is doubtful whether any manufacturers in Europe have been making a profit. Certainly BSC, which used to regard tinplate as a small but highly profitable sector, has been forced into unquantified losses. But BSC acknowledges that it must compete on price as well as quality if it is again to secure the lion's share of the home market while exporting a "tidy amount" of its production.

The cost of the can represents about one-quarter of the final price to the consumer of a soft drink. For this reason, the canmakers—and the tinplatelate producers—are constantly looking for ways of reducing the can cost. The two-piece can is itself a big step in this direction, the walls of the can being thinner than in the conventional three-piece. Other methods which are being pursued are the use of Tin Free Steel—BSC has invested in facilities in one of its three South Wales plants—and increased usage of recycled materials. Tinplate for recycling is collected at the place of manufacture as well as from consumer waste.

New methods of canmaking and welding are the subject of research undertaken by both canmaker and steel producer. BSC works closely with Metal Box and the other canmakers in arriving at the required qualities, and investigating the suitability of foods and beverages to the constituent parts of steel. When the research is productive, it is beneficial to both parties, helping to secure a firmer stake for cans against other forms of packaging.

BSC has invested heavily in its tinplate facilities—all in South Wales—over the past few years: at Ebbw Vale, which has seen the biggest investment, an electrolytic cleaning line, electrolytic tinning line, two-stand double reduction/temper mill, and other equipment have been installed. Computerised facilities at Ebbw Vale, Trostre and Velindre have greatly improved the gauge control on tinplate, which is particularly necessary for two-piece can quality.

Tinplate capacity exceeds current demand levels in Europe by as much as 30 per cent, so it is unlikely that any new capacity will be put down in the foreseeable future. In fact, BSC has reduced the manning of its tinplate works by about two-thirds this year in response to falling demand. The emphasis within BSC will be on making quality improvements, which will be helped by the investment in continuous casting at Port Talbot.

There are uncertainties over the future of the canmaking industry: questions on the resistance of the can to other forms of packaging, the new types of can and the extent to which these will prove technically and commercially feasible (DRD—drawn and re-drawn—cans have powerful advocates but there are other people in the industry who predict it will be a long time before the technical problems can be overcome sufficiently to justify their widespread usage).

These factors have a bearing on the tinplate producing industry as well as on the canmakers. In the current climate of change and uncertainty it is difficult to make long term decisions which involve substantial investment. The UK has one of the most efficient tinplate industries but, as in other steel products, it will be difficult to get price increases until demand becomes more balanced in line with available capacity. This will depend to a large extent on factors outside the control of the tinplate producers.

Optimism over signs for future growth

Plastics

SUE CAMERON

WESTERN EUROPE'S plastics material producers are displaying considerable confidence in the long-term future of the plastics packaging market — despite the sizeable losses most of them are currently suffering because of the recession.

The long-standing evils of over-capacity and weak plastic material prices have been sharply intensified over the past 18 months by the dramatic drop in demand that followed the economic downturn. The packaging market for plastics materials has been as hard hit as other sectors and the majority of European producers are still being savagely squeezed.

However, a number of the major companies believe consumption of plastics for packaging will continue to grow — albeit at much lower rates than in the heady 1960s and early 1970s when opportunities to substitute plastics for traditional materials like glass, metal and paper abounded.

Their underlying optimism is based on a number of factors. These include:

● Forecasts that there is still some room to substitute plastic materials for the more traditional ones despite the fact that the plastics industry is now a mature one.

● Technological breakthroughs in the plastics field. Perhaps the most notable example of this in the past few years has been the development of linear low density polyethylene, which combines some of the properties of high density polyethylene with the comparative cheapness of low density polyethylene production.

● The first faint signs, in the shorter-term, that plastics material prices may be starting to improve. Producers say there is still a very long way to go before prices start to approach the levels needed for a return to profitability — let alone those required for new investment. But they believe higher plastics prices should not make plastics less competitive with traditional materials whose profits also need to rise.

Perhaps the best evidence that there is still room to substitute plastics for traditional materials comes from the bottled drinks sector.

For many years there was considerable consumer resistance to plastic as opposed to glass bottled drinks — and some still exists. Apart from the aesthetic angle and general conservatism, there were also fears — which turned out to be largely groundless — about the safety of plastic bottles for drinks.

But PET — polyethylene terephthalate — is one of the plastics materials currently making great inroads into a market formerly reserved largely for glass. The major factors here have been the need to reduce weight and energy consumption plus the desire of carbonated drinks manufacturers to increase their sales.

The latter were understandably keen to sell two-litre bottles of mineral water lemonade and coke rather than one-litre bottles. But the use of larger glass bottles would have meant vastly increased weight and increased breakages. PET has proved to be one answer to the problem and on the whole it has been found preferable as a material for making bottles for fizzy drinks than the alternative plastics materials such as acrylonitrile and PVC (poly-vinyl chloride) which tend to be more expensive to produce. Meanwhile a healthy future is being predicted within the packaging sector for some of the newer developments in plastics material.

Oriented polypropylene film —polypropylene is the youngest of the major plastic materials and as such it enjoys a higher growth potential than the other polymers in most sectors — is increasingly replacing cellulose film in the packaging of snack foods such as biscuits, crisps and sweets and in the wrapping of cigarette packs. This type of plastic film provides an excellent barrier against moisture and it can also be heat sealed.

The plastic industry's research teams are currently working on the development of new laminated metallised and plastic materials — again for use chiefly in packaging foods. A type of three layer "sandwich" of aluminium foil, polyethylene film and polyester film can now be produced, for use in packaging coffee and some frozen foods. It, too, is heat sealable.

But linear low density polyethylene (LLDPE) is perhaps the most exciting development, although there is controversy as to how far it will supercede traditional plastic packaging materials.

A report published this spring by Wolpert and Jones Studies estimates that by 1984-1985 annual world capacity for linear low will be around 3m tonnes—as against about 17m tonnes of conventional LDPE capacity. The report predicts that linear low will take away some of the market now occupied by conventional LDPE and, to a lesser extent, that for HDPE and PVC. It points out that linear low can provide the same surface area of packaging film as LDPE — but using 25 per cent less of the raw plastics material. This is thought to outweigh the disadvantageous fact that more energy is required to convert linear low into film than is needed to convert conventional LDPE.

One conclusion of the report is that the advent of linear low will foster the substitution of plastics for more traditional materials.

The Swedish-based Unifos, the U.S.-based Dow and the French-based Cd F chimie are all expected to be producing linear low in Europe by 1984-1985. European linear low capacity is likely to be just under 0.5m tonnes a year by the middle of the decade. This compares with Western Europe's current LDPE capacity of more than 5m tonnes and a consumption level of between 3m and 4m tonnes a year.

Industry experts say the capital cost of a linear low plant can be as much as 35 per cent lower than that for a conventional LDPE plant. But they point out that the production cost is not that much lower. They also say that some of the converters who turn the raw plastics material into film will have to adapt their existing machinery before they can use linear low. Until Europe's linear low capacity reaches substantial portions they could often find themselves tied to a single linear low supplier. These factors could tend to slow down the growth of linear low for use as a packaging material.

In the immediate future, the main concern of European plastic material manufacturers is to raise their product prices. The upward movement of prices over the past few months has been small and the percentage increase has varied considerably depending which currency is being used. The biggest fillip to plastics material prices will be a real upturn in the economy and the prospects of that still appear to be some way off.

But the recession has forced plastic material producers and plastics fabricators to trim off some of their fat. There has been considerable rationalisation in all sectors of the plastics materials and packaging industry. Leading figures in the industry now believe that when the upturn does finally come, many plastics packaging concerns will be in a far stronger position to take advantage of it.

Changing shapes reflect a new challenge

TRENDS IN the glass container industry resemble the changing shape, size and weight of the bottles it produces. At a time when the industry is going for smaller, lighter and stronger bottles, glass making has undergone contraction and rationalisation.

Its tough competition for the soft drinks trade is symbolised by its new bottles encased in pre-printed polystyrene sleeves. Its challenge to the beer can is the wide mouthed bottle, a fitting symbol of the industry's new found loquacity on a whole host of issues, from conservationism to energy pricing.

These trends are occurring against the background of stronger competition from other materials and the economic recession which is squeezing the whole packaging field. In Britain, United Glass and Rockware, the two leading manufacturers, have slimmed their workforces by one-fifth. But there has been only one company closure, that of Albion Bottle at Birmingham.

According to Mr Oliver Normandale, director of the Glass

Glass

MAURICE SAMUELSON

Manufacturers' Federation, the industry's difficulties are compounded by high factory rates and the £8 a tonne excise on heavy fuel oil against which energy intensive industries, including steel and plastics, have been campaigning jointly.

Nevertheless, despite keen internal competition, the glass industry is united against common challenges and, in Mr. Normandale's words, "behaves like UK Glass Limited." With the end of de-stocking, and armed with new products and an aggressive approach over recycling, the UK industry feels that the worst may be over.

Its mixed fortunes were reflected in the 1980 figures published in Packaging Review in January. While the overall UK market for packaging had declined by 8 per cent (from £3.54bn to £3.23bn) between 1979 and 1980, glass had slightly increased its share by 2 per cent to 12 per cent (from £354m to £380m). This was at a time when cans and plastics had lost ground. Glass was also increasing its share in baby foods and demand for wine bottles was expected to rise again after a flat year.

Even more marked was the glass industry's achievement of a positive trade balance. While exports rose in volume terms by 55 per cent, imports fell by 17.8 per cent.

Nevertheless, other figures show how far glass containers have to go to increase their market share. In the UK take home beer market, cans account for more than 90 per cent, compared with about 40 per cent in the U.S.

The wide mouthed bottle is one of the glass industry's weapons in the bid to expand its own market share of the beer trade. The bottle is more pleasant to use than a can or narrow necked bottle and Rockware thinks sales in the UK could increase by 40 per cent this year.

In the market for carbonated soft drinks containers, the glass industry is placing great hopes in bottles reinforced with pre-printed polystyrene sleeves. In this market, rigid plastic bottles, made of PET (polyethylene teraphthalate), have made big inroads, especially in the 1 litre and over sizes.

In the U.S., where Owens Illinois introduced the Plastishield, it is scoring big successes in the ½ litre and ¼ litre non-refillable sizes. Sales in the U.S. last year reached 3bn and are set for 5bn in 1981.

In the UK, Plastishield bottles have been introduced by United Glass, which is owned jointly by Owens Illinois and Distillers. Having captured 35 per cent of the 1 litre market for soft drinks, United Glass has followed the U.S. in introducing Plastishield bottles in the ½ litre and ¼ litre sizes, which it is selling in packs of four and six.

Glassmaker believe that products like the Plastishield and Allrounder will help to contain the advance of PET bottles, which has been especially successful in large economy sizes, 1½ litre to 2 litres, for fizzy drinks.

As PET bottles become more common, economies of scale will make them cheaper to produce. Nevertheless, the glass industry claims that in the smaller sizes they will still be dearer than glass. They also say that PET bottles' shelf life is limited to eight weeks and that it would cost 10 per cent more to make a thicker walled bottle with a 12-week shelf life. This, however, has not prevented leading glassmakers themselves from entering the PET market with miniature spirit bottles for airlines.

Meanwhile, the image of glass as a clean, traditional and popular material is being emphasised by the industry's energetic bid for public involvement in recycling. This is partly a response to environmentalist campaigns against the one-trip bottle and partly a response to energy costs which can be reduced by raising the amount of cullet, or waste glass, used in the manufacturing process.

In Britain, the recycling campaign is spearheaded by the Glass Manufacturers' Federation, which has asked local authorities throughout the country to instal bottle banks. So far, 115 local authorities have responded favourably and 460 collecting points have been set up in 222 towns and cities.

The latest step forward is an agreement in prinicple by the Greater London Council to offer the 32 London boroughs £7 for every tonne of glass that householders deposit in the bottle bank skips. The local authorities would also be paid £16 to £18.50 by the glass manufacturers for every tonne received.

This year bottle banks are expected to bring in 85,000 tonnes of glass, towards a target of 250,000 tonnes for the entire country by April 1984. The glass from London will go to the £750,000 United Glass recycling plant at Harlow, Essex, due to open next spring.

At present, recycling is carried out at United Glass's plant at Alloa, Scotland, and at the Rockware Glass facility at Knottingley, Yorkshire. Both have been opened in the last year and will eventually be able to recycle 50,000 tonnes a year on single shift. When the glass industry reaches its 250,000 tonnes a year target, it expects to be saving 7½m gallons of heavy fuel oil, worth £3.3m at present prices.

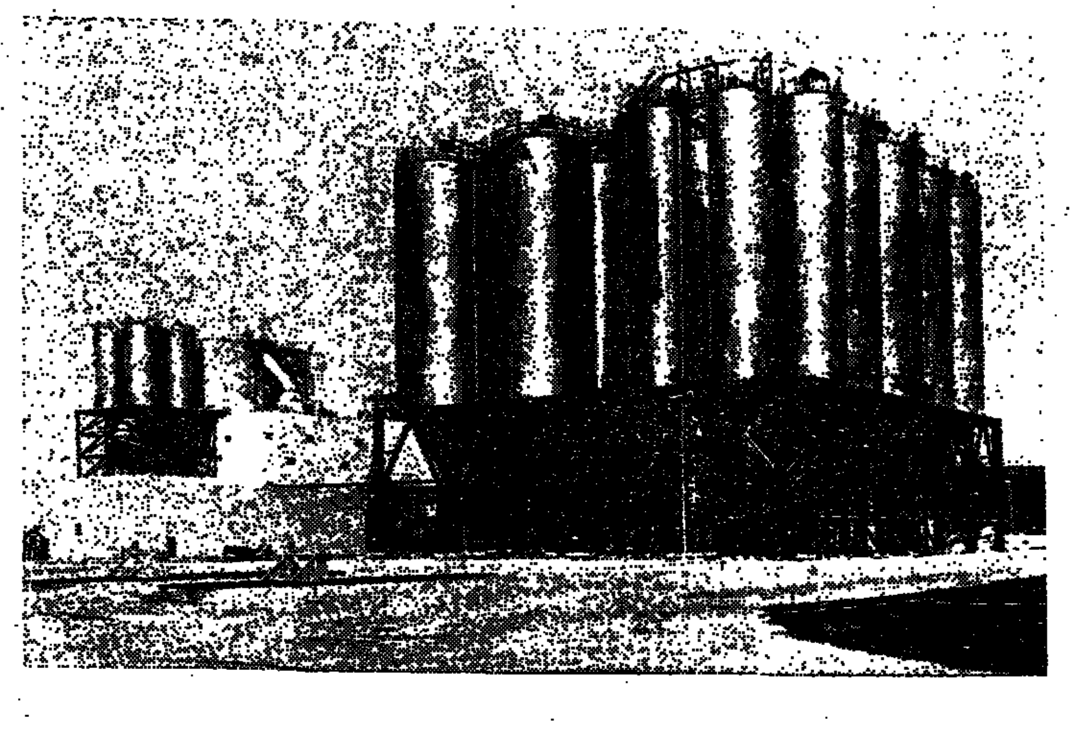
Paradoxically, though, the bottle bank campaign gets a frosty reception from the environmentalist lobby, who regard it as token conservationism rather than the real thing. The Friends of the Earth organisation, for example, argues that it would be far less wasteful to re-use bottles several times than to destroy and recycle them each time they are sold. They therefore back legislation which would effectively restrict the sale of non-returnable containers.

It is also ironical that the glass industry stoutly defends the one area in which the returnable bottle still reigns supreme — the doorstep milk delivery. Hence its resistance to imports into the UK of EEC long-life milk in paper or plastic cartons.

The enduring milk bottle also illustrates another aspect of the technical versatility of the glass industry. The collapse of the daily milk delivery service in Britain has been regularly predicted over the past 30 years. But it has persisted, not least because of steady reductions in the milk bottle's weight, and therefore in its production cost.

Before World War Two, pint bottles weighed 20 oz. By 1958 they were down to 14 oz (397 grammes). We now have the 8¼ oz "Pintie" and there is even talk of a 6 oz bottle. With such versatility, the glass industry clearly has a lot of fight left

Energy still lags behind the cost of wages, which in 1979 stood at 32 per cent of direct production costs. But these, too, should be reduced as a result of increased automation it.



Part of Imperial Chemical Industries' new PVC plant at Wilhelmshaven in West Germany, which was opened earlier this year. The biggest market for PVC is in the construction sector but it is also widely used for packaging, notably in the making of bottles for non-fizzy drinks and for such things as cooking oil. Despite Europe's current overcapacity in PVC, ICI is confident that the new technology employed in the new plant plus economies of scale will make material produced there competitive in the market place

Facing heavy pressure on many fronts

PAPER, BOARD and other forestry products are by far the biggest range of materials used in packaging. In the UK, fibreboard, paper and board account for well over a third of all packaging materials. Fibreboard, most commonly used in brown corrugated cases, is only a shade behind the 19.8 per cent claimed by metal packaging.

Yet they have been hit by competition from plastics, by the economic recession and by the growth of imports into the UK.

Last year's UK fibreboard consumption fell 12 per cent, paper fell by 12.9 per cent, board by 10.9 per cent and paper sacks by 19 per cent.

Optimism among manufacturers often amounts merely to hoping that deterioration is slowing, that destocking has come to an end and that the main wave of costly redundanccies has passed. Thus the 8.6 per cent drop in sales of fibreboard in the first half of 1981 is compared "favourably" with the 15 per cent fall in the first half of last year.

Fibreboard containers are used as single-trip outer cases for a wide range of consumer and industrial products. They include a large proportion of recycled wood fibre. Corrugated board, which has almost entirely replaced solid fibreboard, consists of two outer plies of kraft or test liner, and an inner ply of fluted paper. Solid board now only supplies 5 per cent of the industry.

Over the years, plastics in the form of shrink and stretch wrapping has been seen as the main competition to corrugated casing. However, Mr Michael Howard, chairman of the British Fibreboard Packaging Association, says that the worst is passed. Fifteen years ago, shrink wrapping was forecast as "a disaster" for fibreboard. But in terms of metres of material it has only cost his industry about 10 per cent, he believes.

The other toll which plastics have taken of the corrugated industry is through the use of polystyrene struts and inserts in cases. The only other incursion into the corrugated field is where distributors dispense with outer packaging altogether, as when goods are taken directly from a factory to supermarket. Individual packages are stacked on pallets and lightly bonded together by glue during transit.

The main changes affecting the corrugated case industry therefore comes less from competition from plastics than from the recession and its structure and production methods.

In Britain, there have been two major plant closures in the past year and about 10 per cent of the workforce has been shed in the past two years. Michael Howard believes that nearly 30 per cent of the remaining capacity is not being manned, and most companies have done away with three-shift working.

At the same time efficiency is being boosted by the switch to "continuous" methods of corrugation, which have been adopted in Europe after being successfully demonstrated in Japan. Mr. Howard's company, Thames Case, is currently installing a new Japanese corrugating and converting line at its plant at Purfleet, Essex.

The industry is also dominated by sharpening rivalry between American and Scandinavian concerns. The latter are especially keen to acquire outlets for their kraft liner paper, and face competition from the southern U.S., where the trees grow faster, and therefore more profitably, than in more northerly climes.

Corrugated packaging

MAURICE SAMUELSON

More than 20 per cent of the UK corrugating industry is now in foreign hands and an even higher proportion has been taken over in West Germany, where no single company has more than 10 per cent of the market. In Britain, Svenska Cellulosa has a 50 per cent stake in Alliance Smurfitt, with 6.7 per cent of the market. Svenska Cellulosa is represented, too, in West Germany, France and Spain. Another Swedish company owns Dolan, with 4 per cent of the UK market. The Swedish Assi company has corrugated interests in the UK, France, Germany and Denmark.

American interests are represented in Britain by St. Regis, which has taken over Tillotsons, accounting for more than 5 per cent of the market, while MacMillans, the fourth biggest UK corrugator, with 7.4 per cent of the market, is Canadian controlled.

Another feature of the British corrugated scene is the increased role played by small, independent case making companies, who are not members of the British Fibreboard Packaging Association. Their market share grew from 8.3 per cent in 1977 to 11.5 per cent last year. According to Mr Howard, these non BFPA companies have helped to hold down market prices by 3 per cent.

Meanwhile, the top three British corrugated case companies have lost ground: Reed's share fell from 18.8 to 18.4 between 1979 and 1980; Bowater's fell from 12.4 to 11.6; and Thames Case from 8.6 to 8.5. Their respective output fell even more dramatically: Reed's fell from 533m square metres to 496m; Bowater's from 350m square metres to 312m; and Thames Case from 243m square metres to 201m.

An even gloomier prospect faces UK producers of cardboard cartons for the food and drink, pharmaceuticals, cosmetics and tobacco trades. Output last year fell by 12 per cent, with imports increasing to about 4 per cent of the UK market and with other materials taking a bigger slice of cartons' traditional business.

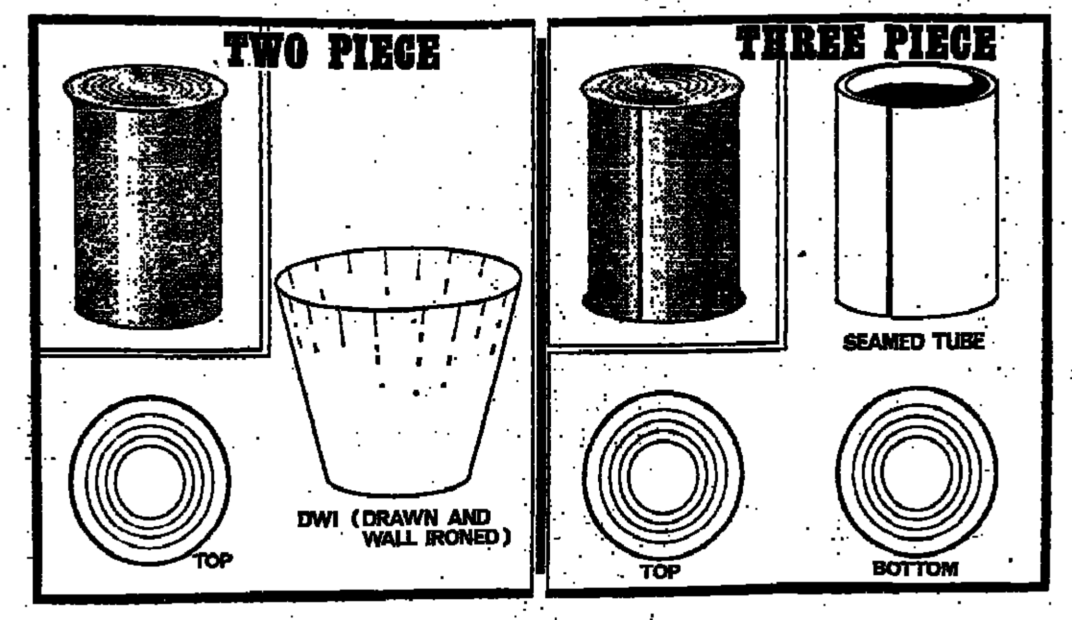
This occurred against a long-term background of falling production. Between 1970 and 1978, UK production of rigid paper board boxes dropped from 105,000 tonnes to an estimated 62.9m tonnes. A recent report by London stockbrokers Phillips and Drew suggested that European manufacturers, with excess capacity in their own markets, would be able to step up exports to the UK once British demand recovered. As a result, British carton makers would be able to raise output no more than 5 per cent and perhaps not at all.

Because of its different production methods, the carton industry has been less able to absorb the competition from plastics and flexible packaging than has the corrugated case industry. The main difference is that unlike the corrugated cases industry, there are no integrated operations where the cartonboard and the cartons are produced at the same plant.

Because of the importance of printing in carton manufacture, the labour element is approximately twice as big as for making corrugated and solid fibreboard cases.

Even so, it is doubtful whether the main threat to the printed folding carton comes from alternative flexible packages, since cartons are often used in combination with them.

INTERNATIONAL PACKAGING IV



The two types of can: the two-piece is made by stamping out a disc from tinplate or aluminium which is then formed into a cup shape, the walls of the cup being "drawn and ironed." The traditional three-piece can, consisting of a top, bottom and seamed tube, is a more labour-intensive process. Left: a sterilisable aluminium and plastic can from the Letpak division of Akerlund and Rausing of Sweden

Import penetration a major worry

Bags

MAURICE SAMUELSON

IT WAS once as natural for a sweet bag to be made of paper as for a can to be made of metal. Helpful shopkeepers would drop your Old English humbugs into it without a second thought. Afterwards the bag could be discarded or exploded with a pop.

If you are handed a bag today, it is just as likely to be made of "high density" crinkly plastic, and too tough for blowing up for a lark.

The trend has been greeted with dignity by the body once known as the British Paper Bag Federation. Since many of its 32 member companies have gone wholly or partly over to making bags from high or low density polythylene, it has quietly erased the word "paper" from its title.

This degree of integration is somewhat rare in the packaging industry. Big producers of cans and bottles have also diversified into plastics, but their allegiances remain firmly based on their primary raw material, wheher metal or glass.

Surprisingly, too, although the humble bag has been squeezed, it is still holding its own. Although the UK market for paper bags and carrier bags fell last year (from 104m to 94m tonnes) the drop was no steeper than the 10 to 15 per cent fall in the demand for other packaging media.

The industry's sales are worth about £70m a year and its leading customers include sugar and flour mills and a wide range of wholesalers in varying commodities, in addition to retailers throughout the economy.

Although individual companies are still suffering from the switch in materials, the British bag industry's main worry is the penetration of imports.

It is being hit particularly hard by imports from the Far East of bags made of plain, unprinted plastic. Of the 8,000 tonnes sold in the UK in 1980 (at a total value of about £8.8m), most came from overseas.

"Hong Kong, Singapore and South Korea have taken us to the cleaners," says Mr Mike Kidwell, marketing director of Bibby and Baron, one of Britain's and Europe's leading manufacturers, and who speaks for the British Bag Federation.

He is referring to the very thin film commonly used by butchers for wrapping the joint. He says that while the British manufacturers are unable to purchase the resin for the high density polyethylene from which the material is made, the Far Eastern companies purchase it very cheaply, and duty-free from Japan, and make it into bags which they import into Britain—again duty-free.

The picture is brighter in the printed plastic bags, for which UK sales are worth about £14m and most of which are locally made.

Among retailers there is still considerable switching of materials for counter-bags. Boots chemists chain used to have a turnover of 600m paper bags a year. About four years ago, it switched almost entirely to polyethylene. A year ago, however, it reverted again to paper for all its smaller counter bags because of the disproportionate sensitivity of plastics prices to those of oil. Debenhams and Woolworths have also largely stuck to paper, partly because of the large cost involved in a wholesale change. So have the Lewis's department stores. The House of Fraser, though, went plastic several years ago.

The choice of specialised shops, is more likely to be influenced by the nature of their trade. Although butchers mostly prefer plastic, fruiterers still like paper, as do confectioners.

The size of the bag is also an important factor which retailers have to consider. Large bags tend to be cheaper in plastic because of the relative lightness of the material. Speeds of production, however, favour paper.

Machines for "converting" paper bags reached their physical optimum speeds of 2,000 a minute several years ago. This is about four times faster than a machine which "converts" polyethylene, although new German machinery is beginning to close the gap.

Like other packaging sectors, bag makers have been investing in more efficient plant at the same time that demand has fallen. Bibby and Baron, based at Bury, Lancashire, has installed new machinery, while closing two plants and reducing its workforce from 1,000 to 600 in the past three years. (It is still one of Europe's biggest paper bag makers, although £2m of its £15m sales are from polyethylene).

The recession has not been the only reason for the retreat of the counter bag. Even more decisive have been changes in shopping habits and the fact that far more goods are prepacked at the factory than in the past.

Nevertheless, Mr Kidwell says, "the paper bag is still alive and kicking."

The not-so-humble bag: Dead-fold properties of strips of aluminium foil round the mouth of this transparent bag made by Manzinger Papierwerke of West Germany enable a watertight seal to be obtained

Recession aids manufacturing efficiency

Cans

MAURICE SAMUELSON

RECESSIONS ARE often thought to be periods of stagnation. For the canning industry the reverse is true. Tightening markets have accelerated the introduction of new, more efficient and cheaper ways of making cans.

The industry, still the main force in the packaging field, has been undergoing its most sweeping changes since the end of World War Two. The main change is the introduction of the two piece beverage can, consisting of a shell and a top, instead of the familiar three piece can, with its two ends and a cylindrical jacket.

Most two-piece cans are made by a process called draw and wall iron (DWI) which can be applied to both tinplate and aluminium. The cost of the plant is higher than for making three-piece cans. But raw material costs are up to a fifth lower and labour charges are cheaper.

A more advanced process is also being introduced which enables the walls of the can to be stretched further. Called draw and re-draw (DRD), it has been hailed as "the ultimate" in can making.

Parallel with these is a method of electrically welding the seams of the can, instead of soldering them together with lead. Called "soudronic welding," it is a response to calls for the removal of lead on health grounds.

In Britain, these technical innovations have been used by major American companies to try to challenge the traditional dominance of Metal Box, which in the past has held well over 70 per cent of the market and is a major exporter as well. Metal Box has, therefore, had to speed up its own switch to two-piece production and to phase out much of its older three-piece lines faster than it intended. Later this year, it will open its fourth two-piece line at Carlisle.

Competition will then be stiffer than ever, and over-capacity in the UK for two-piece cans is being forecast at between 20 and 40 per cent.

The pressure on Metal Box has come principally from two leading U.S. groups, Continental Can and American Can, both of which have opened two-piece can production lines in the UK in recent weeks. Until now, the only other American challenge to Metal Box in Britain came from Nacanco, part of National Can, which landed the UK Coca Cola contract three years ago.

But in June, Continental Can commissioned a two-piece plant at Wrexham, North Wales, and American Can opened a £20m plant at Runcorn, Cheshire, and announced that it would convert its plant at Grantham, Lincs, to two-piece production. Runcorn's customers include Whitbread, which will take 100m cans a year.

Metal Box is fighting back vigorously and by the start of next year will have invested £100m on two-piece technology in the UK. In the U.S., Metal Box has opened a two-piece plant in California whose output is contracted to Pepsi-Cola.

To a large extent this hectic battle can be traced back to the ending of a long standing pact between Continental Can and Metal Box, respectively the leading U.S. and British packaging companies, not to attack one another's home markets. Continental was already the leading two-piece producer and the ending of the pact exposed Metal Box to much fiercer competition than previously.

So far, the two-piece cans made in the UK are mainly for beer and soft drinks. But eventually they will be used, as in the U.S., for food as well. In the UK, they are already being used for some pet foods.

One worrying factor for the canning industry is that producing a lighter and cheaper commodity will not of itself broaden the use of cans at the expense of other materials. In soft drinks and fruit juices, cans have suffered from the growing popularity of rigid plastic bottles and from paper based containers.

In fruit juice, for example, paper packs are said to account for more than 70 per cent of the UK market, glass for 15 per cent, and metal only 5 per cent. The can's share of the soft drinks market fell last year from 46 to 39 per cent.

Another potential challenge to the food can comes from the retort pouch, although its widespread adoption is not likely to take place for several years.

Competition is also coming from hybrid packages. The Rigello pack is a plastic pressure container inside a spirally wound paper sleeve. First test-marketed in the UK in 1978, it is claimed to be cheaper than either the can or wide mouthed glass bottle.

Another European innovation is the Letpak, described as a "plastic can." But, like the retort pouch, it cannot be filled as quickly as the can.

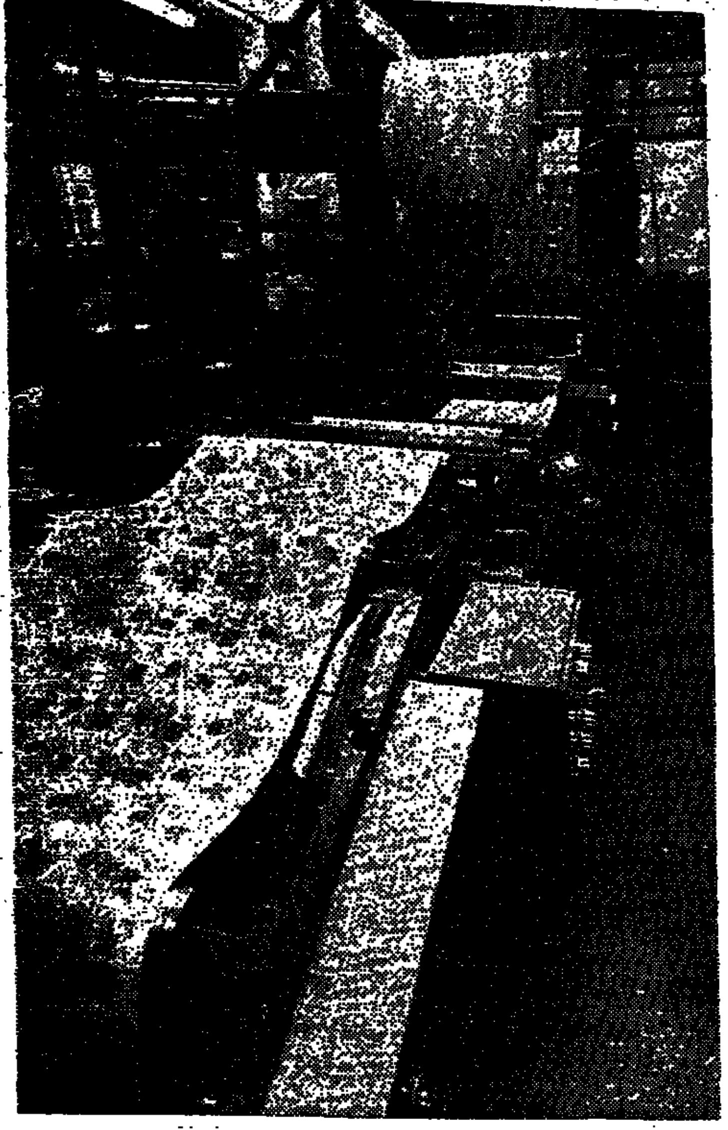
Meanwhile, can making is under constant scrutiny because of its contribution to waste. A major development was the final emergence, in April, of an EEC directive urging member Governments to discourage the use of non-returnable beverage containers. To the relief of the industry, it lacks the force of law and leaves key decisions in the hands of EEC member governments. Even so, it is not taken lightly.

Like the glass, paper and plastics industries, the can manufacturers are giving practical answers to their environmentalist critics by engaging in waste recycling schemes.

In Britain, 60m waste containers were recovered last year by a company set up to recycle tinplate. A separate aluminium recycling operation is being run by Alcoa.

In Europe as a whole, nearly 600.000 tonnes of used cans of all types, not just beverages, are being recycled. This is more than 2½ times the amount of material used in Europe to make beverage cans.

The Industry is also trying to devise alternatives to the beverages can's detachable ring pulls, which exacerbate the waste problem, and which have already been banned in some parts of the U.S. It is hard to believe that such a simple problem lacks an equally simple solution.



Roger Taylor

Setting up the type and (left) printing at Harlands of Hull, a company which specialises in producing self-adhesive labels

Bar coding poses problems

THE BIGGEST development in the labelling sector over the next few years will probably be the need for more manufacturers to print special identifying bar-codes on their labels.

Already about 45 to 50 per cent by volume of all fast-moving grocery lines carry bar-codes and all the leading mutiple food chains are carying out trials of the electronic laser-scanning checkout equipment used to read the codes.

Bar-codes are a series of black lines, of varying thickness, which represent a unique 13-digit number allocated to a product by the London-based Article Number Association. This number identifies the country of origin, the manufacturer's name, and the size and weight of the product.

The bar-code is being introduced to give retailers' improved stock control and to increase in-store productivity. The bar-codes are scanned by a lower-powered laser at the checkout, the price is obtained from a central computer, and the till receipt prints both the price and a description of the product.

Over the past two years, many manufacturers of high-volume food lines have been graduallv introducing bar-codes onto their labels when new designs were introduced. Although only 50 per cent by volume of goods currently carry a bar-code, the trade expects this figure to reach 70 per cent over the next year. At that stage, the number of supermarkets using the new scanning equipment—currently about a dozen—is expected to increase considerably.

Some supermarket chains are already insisting that all manufacturers should include bar-codes on their products if they want to be stocked by particular retailers.

Printing bar-codes onto product labels is full of problems, as some companies have discovered. Most food manufacturers have largely sorted out the problems of where to place bar-codes and how to cope with the different types of packaging, but manufacturers of products such as cosmetics and pharmaceuticals are still wrestling with this problem.

One important factor in printing bar-codes onto labels is the location, since if checkout assistants have to search all over the product for the code then it can lead to delays. Mr Robert Wilson, a council member of the Article Number Association and marketing director of Harlands of Hull, a major label printing company, says "seams, creases and folds should be avoided and sufficient margin allowed around the symbol for effective scanning."

Another problem is when the product is too small to take a normal sized bar-code. The Association suggests that codes can still be effective at 80 per cent of nominal size, although Harlands only reduces to 85 per cent to ensure complete accuracy.

Most large printers are able to offer expert advice to companies seeking to incorporate bar-codes onto their labels. The Association can also give advice if needed.

Demand for labels in general has dropped because of the recession. One feature, especially of the food trade, has been the demand from manufacturers for labels at short notice—often with special promotions—in order to shift stocks.

Output throughout the labelling sector of the British

Labelling

DAVID CHURCHILL AND ALAN PIKE

printing industry was down last year although production of self-adhesive labels, still a minority element of the total market but a growing one, improved slightly.

Self-adhesive, heatseal, gummed and plain paper labelling, have all experienced recent technical advances designed to use lighter weights without a reduction in strength, a wider range of surface materials and higher printing speeds. While labels have many applications outside the immediate packaging sphere, it is to this area that the industry is looking for an increase in activity as soon as the recession ends.

Denny Bros., a small family printing company at Bury St. Edmunds, Suffolk, has developed fix-a-form, a patented system designed to enable lengthy instructions and product information to be fixed to the outside of packages. The system is intended for use in circumstances where it is desirable for the user to study his instructions before opening the package. Its original application was in the chemical and agricultural industries, but the company has now scaled the system down to make it suitable for pharmaceutical and promotional use as well.

The concertina-folded forms are fixed to the package by two parallel strips of adhesive, and the leaflet is removed by breaking a perforation. Prices range from ½p to 8p each, depending upon size, colour and quantity, and the company has designed the system to be suitable for use on bags, bottles, boxes, drums or other forms of packaging.

Printing companies believe it is possible to achieve growth of between 8 and 10 per cent a year for self-adhesive labels over the next five years. Some of this is expected to come from developments in label requirements in areas like computer and word processing systems, and some from winning business from other types of labelling.

Wide variety of materials vie for a market

PACKAGING IS notoriously difficult to define. Consisting of many overlapping processes and materials, it can be described as an industry, a service or a system.

Even harder to define is flexible packaging. The authoritative definition provided by the leading packaging analysts Rowena Mills and Roger Lushington is that in its broadest context the term covers "the packaging uses of plastic films, aluminium foil, regenerated cellulose films, and combinations of these with paper and foil in the form of laminations or coatings."

They add, however, that it is normally used in a more restricted sense to cover only converted wrappings, primarily in printed form; and does not include film for uses such as shrink and stretch wrapping (*The UK Packaging Industry* Economist Intelligence Unit Special Report No. 76; 1980).

In value terms, they put this area of the UK flexible packaging market at worth about £300m, of which aluminium foil and film producers accounted for about a third and paper and board companies about 40 per cent.

On the food side, flexible pouches have been widely adopted at the expense of rigid containers. Laminates are also widely used for pharmaceuticals and toiletries, such as shampoo sachets. There are also semi-flexible applications, or combinations of a flexible pouch with a rigid base.

As flexible packaging continues to develop, it will be involved in "external" competition against other packaging media and "internal" rivalry from alternative materials.

One of the most notable examples of flexible packaging is the retortable pouch, which, to the canning industry's irritation, is sometimes called a floppy can. As with the food can, its contents are cooked after being sealed in the pouch. It was first developed in Japan because of that country's lack of an established canning industry.

By the beginning of last year, the vogue had spread to Europe, with about 60m retort pouches being used, worth £2m a year to the packaging industry and £50m to the food industry.

Views differ, however, on future prospects. Sceptics point out that it has not taken off in the UK. Marks and Spencer, for example, had hoped to introduce pouches for pre-cooked gourmet meals, but their plans were upset by the recession.

This has not prevented the canning industry itself from becoming involved. Metal Box, which produced the Metapak *retort* pouch, believes its potential lies in frozen foods. But it does not regard it as a serious rival to the food can which can be filled at much higher speeds.

Other flexible packages are making inroads into the market

Flexible packaging

MAURICE SAMUELSON

for juice and milk. In the case of juice, demand is being largely created by new forms of packaging, such as the aseptic "Tetra Brik" carton, made by Tetra-Pak, the Swedish based packaging group.

Tetra-Pak claims that it has won 40 per cent of the fast-*growing UK retail market for* fruit juice and that cartons have 70 per cent of the whole juice market.

Another flexible entrant to the drinks trade is the stand-up foil-based pouch, largely available in Britain through the Kalle division of Hoechst.

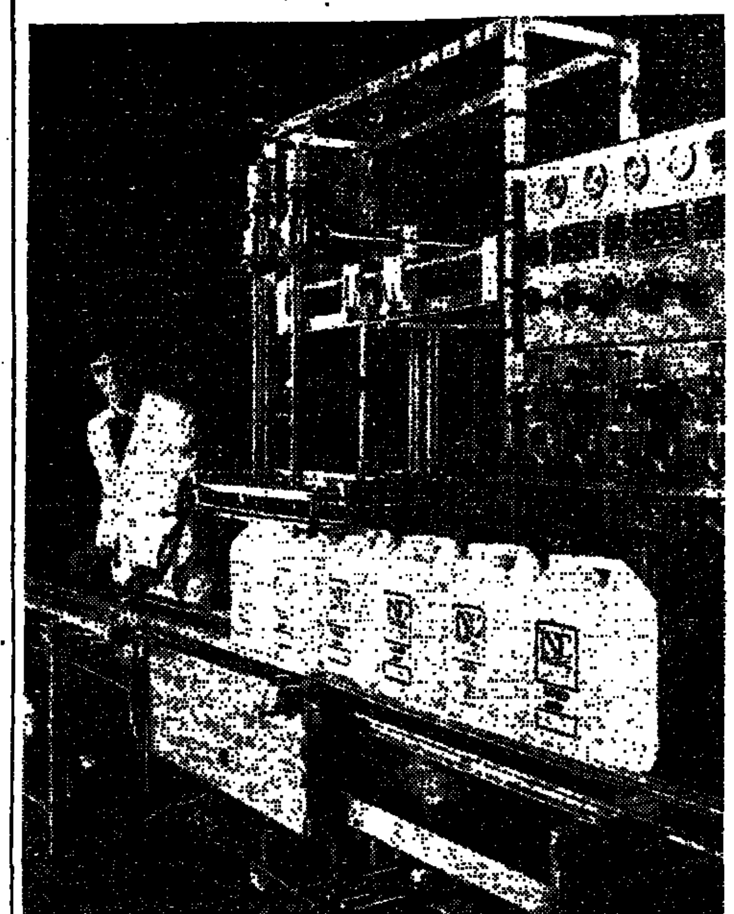
Among materials contending for a place in flexible packaging are plastic and cellulose films, foils and papers. The fate of cellulose film is of special interest in Britain which has one of the main cellulose manufacturing industries in the world.

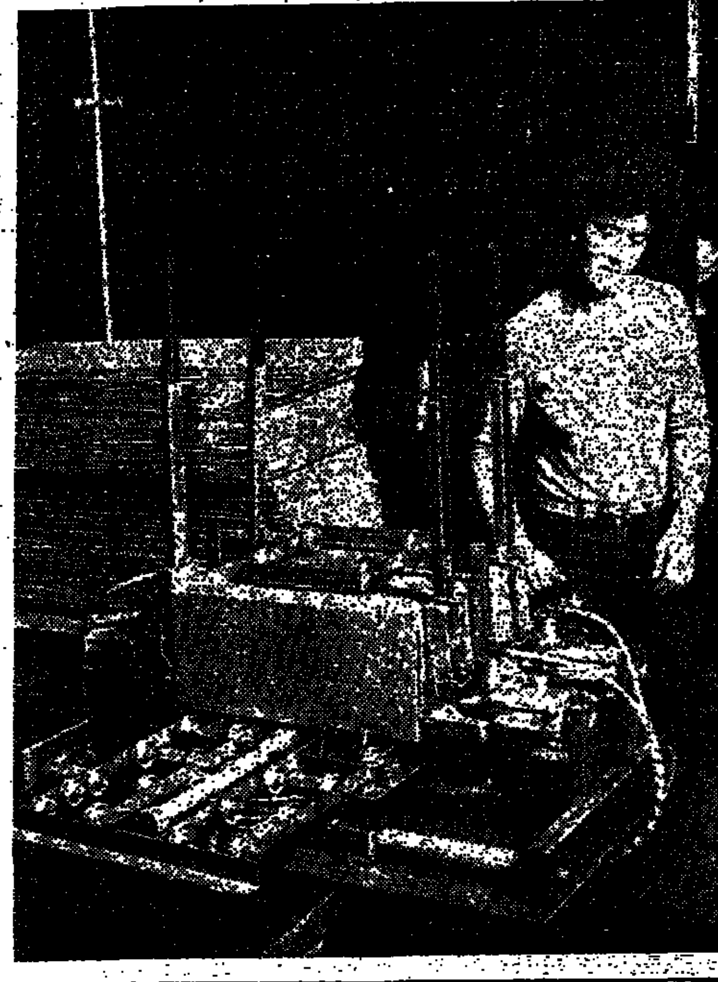
For several years, the UK cellulose film industry has been hit by competition from "oriented polypropylene" (OPP). As foreign manufacturers have diminished, Britain's main hope lies in taking a bigger share of a declining world market. Failure to do so will have serious consequences for the home market.

Aluminium foil's place in the growth of flexible packaging is challenged by other metallised materials and plastics, which could have price advantages. However, the industry is confident that aluminium foil's superior barrier properties will assure its future.

"Diamond Foil" by Alcan Polyfoil of Amersham was recently commended for technical achievement in the Aluminium Foil Trophy for Packaging competition organised by the European Aluminium Foil Association

INTERNATIONAL PACKAGING VI





Left: an automatic filling machine from Neumo of Newhaven, East Sussex, for filling containers from 250 ml to 10 litres capacity. Above: a Lawco-Marsh labelling machine in action on the swiss roll packing line of Beehive Bakery, Oldham. Right: a purpose-built carton closing machine at Anglepoise Lighting's Redditch factory incorporates four pneumatic clinchers from British Industrial Fastenings specially designed to meet the company's needs

Fulfilling the demand for high standards

Machinery

PAULINE COVELL

THE TANGIBLE result of packaging—the bottle, can, carton or film—always attracts public praise or criticism. But without the machinery to fill them, containers would be useless.

The ideal machine has to run at speeds defying the human eye for three shifts without failure, day in year out, accurately measuring its fill, meeting ever-increasing legal obligations and preferably able to be controlled by fewer and fewer people.

This is a tall order. But these lines have and are being built to meet the needs of Europe's demanding user industries. Well over 1,000 cans of beer a minute are filled at Scottish and Newcastle on canning equipment designed by Metamatic, the machinery arm of Metal Box, while tea cartons come off the Cadbury Typhoo, Moreton line designed, built or supplied by Rose Forgrove (the packaging machinery company of the Baker Perkins Group) at six pallets per hour. All are carefully controlled to prevent product giveaway, while ensuring that the consumer is protected by receiving a predetermined average content.

The 1980 UK market for packaging machinery—that is, UK purchases—was £172m. In 1979 this amounted to £151m and in 1978, £138m. Approximately 40 per cent of this demand is met by home producers, but they also export substantially.

Packaging equipment can be roughly divided into three major categories. Filling, closing and labelling machinery is the largest group. This includes equipment for filling cans, bottles and bags, for example, as well as the form, fill and seal machinery which produces a bag from a reel of material, fills it with dried peas or crips, for example, and seals it—all in one operation.

The group also includes container labelling machines which stick gummed or self-adhesive labels to packs at rates commensurate with filling speeds, as well as capping and closing equipment.

The following table for this group shows the pattern of sales by UK manufacturers and the UK market up to mid-1980.

	Year ending June 1979 £m	Dec 1979 £m	June 1980 £m
Sales by UK manufacturers	37.2	37.6	37.7
UK purchases...	51.6	50.1	50.1

The second group of machines is that used for case packing and cartoning. This ranges from equipment which erects cases from flat blanks and fills them with anything from baked beans to cans of pet food, bottles of wine and whisky, to cartons of cornflakes, soaps and cake mixes. The following table gives an indication of the size of this market.

	Year ending June 1979 £m	Dec 1979 £m	June 1980 £m
Sales by UK manufacturers	19.2	17.1	18.9
UK purchases...	25.4	22.4	23.8

The final group includes all other types of wrapping equipment, for example shrink and stretch film wrapping, vacuum packaging (for producing those plastics jacketed cheese packs), blister and skin packaging for pharmaceuticals and hardware and all the confectionery wrapping plant. Last year's figures are shown compared to 1979 in this table.

	Year ending June 1979 £m	Dec 1979 £m	June 1980 £m
Sales by UK manufacturers	22.8	25.4	25.6
UK purchases...	23.8	34.8	42.1

Parts for packaging machinery complete the total market value figure.

Indeed, over the last couple of years the size of this market has provided a useful pointer to the investment pattern in packaging plant in the UK. The following table shows how it is the second largest category for which comparable data is available.

	Year ending June 1979 £m	Dec 1979 £m	June 1980 £m
Sales by UK manufacturers	38.0	41.5	44.5
UK purchases...	39.3	44.5	49.8

The high volume of trade in parts is due to the length of life now expected for each machine and the staving off of decisions by users to make large capital investment except where absolutely necessary. This does not apply to the smaller, less expensive pieces of equipment, but certainly of the larger complete lines it appears to be the case.

However, it must be said that this high volume of parts is due not only to the longevity of machinery, but also to the need for change parts to suit the variety of pack shapes and sizes and the change from imperial to metric packs. A small proportion is possibly represented by sub-contract work in the UK and by the import and export of machines in knockdown form.

The machinery industry is characterised, not only in the UK, but also in the rest of Europe and the U.S. by very few large companies.

It is an industry of small to medium sized manufacturers and an extensive network of overseas machinery agencies: hardly the world of the multinational.

There is no possibility of mentioning the hundreds of specialist companies in the field either in the UK or elsewhere. However, some have paved the way and give an indication of the direction future developments in technology and trade might take.

Rose Forgrove is recognised as the leader in form, fill and seal equipment in the UK. Its parent company's background in the bakery, confectionery and biscuit industries has to a certain extent influenced its direction and, consequently, many of the UK's bread bagging, biscuit wrapping and sweet packaging lines have been supplied by the Leeds-based company.

Robert Bosch Verpackungsmaschinen GmbH, a West German company with its own UK subsidiary, is arguably the largest manufacturer of packaging machinery in Europe with a vast range of equipment. Form, fill, seal, weighing, cartoning, blister packaging and filling and labelling machinery is among that offered.

Doboy, the U.S.-based company with its plants in West Germany and Sandy, Bedfordshire, can supply an enormous range of bagging, form, fill, seal, shrink, stretch wrapping and skin packaging equipment.

The success of smaller companies such as weighing specialists Driver Southall of the West Midlands and Autopack of Malvern and the increasing emphasis being put on control devices by all the major companies previously mentioned, points to a trend towards reliability of equipment rather than a continuing search towards ever increasing speeds.

A fast machine is only of use if it speeds along all the time. The faster the machine, the more costly the downtime. Better to have perhaps two slower, but more reliable workhorses.

Control equipment has, to a certain extent, been dictated by legislation. Instead of the minimum weight concept used previously, for the last 18 months the UK has changed to the EEC's average weight concept where contents can weigh or fill a volume of plus or minus a certain amount. Accurate records have to be kept for inspectors.

Consequently, the electronics industry has had a field day. Weighing technologoy is an obvious candidate for the microchip with control instantly rectifying any mistakes in fill and consequently banishing that costly downtime to the days of random sampling quality control techniques.

The Interpack 81 exhibition held last May in Dusseldorf—the largest packaging show in the world (150,000 visitors—48 per cent from overseas)—confirmed this trend towards increased machine efficiency.

On the control side, as well as the weighers, there was tremendous interest in inspection equipment of various types. For example, an automated X-ray inspection system for detecting foreign bodies in packaging and underfilled packs, available from Rank Pullin Controls, of Brentford could save many hours of machine and quality control time. An X-ray image is sent to the mini computer where the density is compared with the programmed norm. A 2 per cent deviation causes the pack to be rejected. A Polaroid print of the offending pack can also be made. The system comprises an X-ray source, a VDU and the mini computer. Software and hardware can be customised.

Interpack is paying great attention to the infeed and discharge of machinery, again in an attempt to increase efficiency.

But much of the new technology, unless capable of reaping fast pay returns, will take time to filter through to actual use. For example, there seems little doubt in most users' minds that the stretchwrapping of pallets is energy saving and material saving. But shrink-wrapping—the process of hooding a pallet and taking it through a heat tunnel which effects a shrinking of the hood to the palletised load—was developed first. Investments were made and it is only as these machine finally give up the ghost that stretchwrappers are sold. Most new pallet securing systems bought are of the stretchwrapping variety, but it has taken a lot longer than most experts believed five or so years ago for the market to take off.

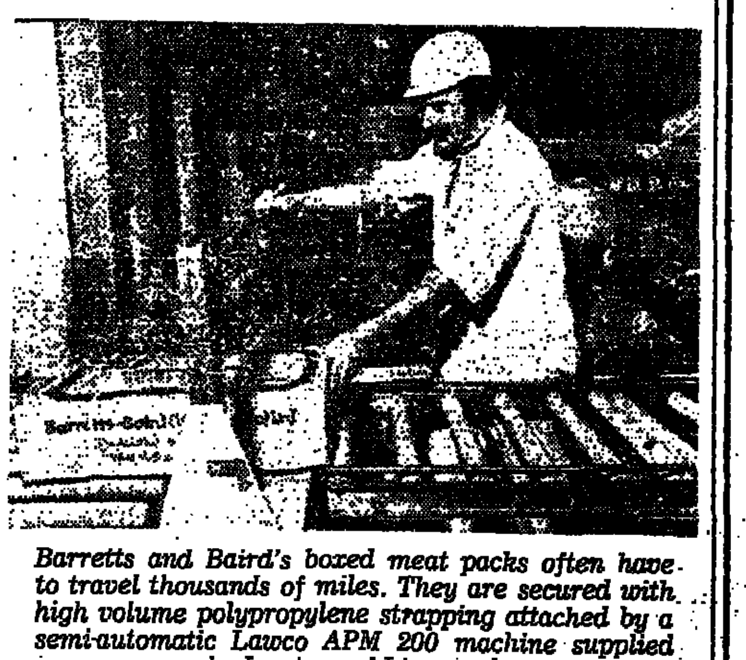
In the last 18 months there has been an increasing awareness of the European market by U.S. companies. The UK is the logical place for them to enter Europe and more and more are announcing agency agreements in this country. They have been actively encouraged by the U.S. Packaging Machinery Manufacturers Institute (PMMI), which took a large stand at Interpack.

They were previously, in the main, only interested in their own large home market, but the position of the dollar in 1980 and early 1981 triggered off their export drive. It also sent UK agency-seeking companies to the U.S. to persuade the Americans of the opportunities to be had in Europe. It will be interesting to see the actual effect as the year ends.

As far as UK export opportunities are concerned many are now looking to the developing world — Africa, India and the Far East in particular. Although great care and responsibility to supply the correct machinery has to be taken, packaging can help with world hunger problems. Crops correctly preserved can save millions of pounds as well as prevent some starvation. Over one third of the world's rice crop is lost, for example.

Many companies have already geared up for development and marketing to these third world countries. Although this road can be a costly one if the wrong advice is taken, it seems an attractive proposition in the next decade for the UK packaging machinery manufacturer.

The writer is editor of Packaging Review.



Barretts and Baird's boxed meat packs often have to travel thousands of miles. They are secured with high volume polypropylene strapping attached by a semi-automatic Lawco APM 200 machine supplied by Lawtons of Liverpool

THE ARTS

Cinema

Antonioni's second blow

by NIGEL ANDREWS

The Oberwald Mystery (A) Camden Plaza
Manoel de Oliveira National Film Theatre
Caveman (A) Studio Oxford Street

Michelangelo Antonioni is a movie conjuror with an apparently limitless gift for producing multi-coloured silk handkerchiefs from empty top-hats. He created marvels of suggestive mystery from slender plots in *Zabriskie Point* and *The Passenger*, and few top-hats could have seemed hollower at first glance and first tap than Jean Cocteau's musty chamber-melodrama *The Eagle Has Two Heads*, on which Antonioni has based his new film *The Oberwald Mystery*.

In Cocteau's play, a widowed Queen holed up in a castle (her husband was murdered ten years before and her Archduchess mother-in-law now rules the country) is confronted one night by a young man who is the ex-King's striking double. He has broken into her apartment on an assassin's mission, but having been wounded by police bullets on the way in he's tended and concealed by the Queen, and the two fall in love. Togther they conspire to win back the Queen's political power and freedom.

Starkly synopsised, the story sounds like a prize slice of Ruritanian hokum. But Cocteau's dialogue and development hint at frascinating layers of *doppelgänger* mystery—is the young rebel a mystic reincarnation of the King's spirit? Is a cheated chapter of history here rewriting itself?—and Antonioni's visual elaboration of the play opens up and awakens every dormant poetic frisson and resonance.

Blown up now to 35 mm, the film was originally made for Italian television and shot on TV videotape; with all video's notorious problems of fuzzy definition, shimmering lines and colour-blur in fast camera-movement. But Antonioni turns this ghostliness from vice to virtue. The screen is in a constant supple flux of expressiveness, flushing and fading with different hues as if Titian had been let loose on the TV colour knob.

When the Queen, played with gaunt and stately passion by Antonioni's leading lady of yore Monica Vitti, opens a casement window in her apartment onto wind-tossed green branches, the colour floods into the room, saturating walls and hangings with green. It is an invasion of elemental wildness and wonder like the entry of spring in *Die Walküre*. When the evil Chief of Police (Paolo Bonacelli), arrives at the castle to interrogate the Queen about the assassin's whereabouts, the screen slowly stains with blue all around him like an eerie, wreathing ectoplasm of menace.

In other scenes Antonioni uses video's vagaries of definition to plant astonishing, ghostly grace-notes in the action. Beside the speciously attentive person of the Queen's soon-to-betray serving-woman (Elisabetta Pozzi) a ghost suddenly materialises, identical to her in all but the expression which glowers with vengeful spite. It's as if the soul had briefly left the body to hover nearby and reveal the owner's true feelings. In another scene, Antonioni executes a brilliant moment of sleight-of-vision when the pale baroque wallpaper behind a tense dialogue scene between the Queen and the young man subtly changes shape and colour — growing harder, colder—in rapport with their conversation. Every object, every surface in *The Oberwald Mystery* is pliant, expressive, part of the liquid flow of the story's emotional momentum.

Antonioni may be making too glib and hasty a crystal-ball prognostication when he says, in an interview, that "videotape definitely possesses all the characteristics required to replace traditional film. Within one decade it will be done." But if such a revolution does take place, and so swiftly, *The Oberwald Mystery* is the first film to suggest that the gains may equal, or even outnumber, the disadvantages.

*

Caveat emptor! Busy canvassing for ticket-buyers, Film Theatre brochure-writers are often as prone to promotional hyperbole as their more commercial movie-distributing colleagues. At the National Film Theatre it has long been customary for every half-forgotten or scarcely-heard-of director whose work is being showcased to be hailed as a neglected master, every long-buried dodo of a film, from Hollywood or points east, to be exhumed with the cry of "rediscovery."

But once in a while the film or the director actually lives up to the eulogy. Portugal's venerable and newly discovered Manoel de Oliveira has taken the film festival circuit by storm during the past 12 months, and the NFT is rightly honouring him with a season. Hitherto veiled from view by the reticent workings of Portuguese cinema, his oeuvre now-unwrapped is an astonishment. From period romantic melodramas to sly bourgeois comedies of the present, Oliveira is a camera-craftsman with a painter's eye for rich compositions and the hieratic swirl of shadows and costumes, and an ironic humanist humour that vibrates to the same wit and insights as Bunuel or Renoir.

The NFT season includes all his films except the latest *Francisco* (premiered at Cannes in May) and is an absolute feast. See *O Passado e o Presente*, a Discreet Charm of the Portuguese Beourgeoisie choreographed by a camera that behaves like a fleet-footed uninvited guest; darting and dipping among the magnificently loopy conversations and through the black-comedy tale of an oft-married lady who's always falling in love with the husband just gone. See also *Amor de Perdicao*, sumptuous movie monument to doomed love. And delve at your pleasure among the other Oliveira films, short and long, whose discovery has suddenly written a whole new chapter in European cinema history.

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The good jokes in *Caveman*, a Stone Age romp directed and co-written by Carl Gottlieb (of *The Jerk*), can be counted on the fingers of one pterodactyl. A dinosaur's egg that accidentally breaks open over a bubbling crater and creates the world's first Fried Egg: a vocally multi-talent giant lizard who stands sentry on a rocky pinnacle, alternately howling coyote-like at the moon and crowing cock-like at the rising sun: and the quaintly cunning device whereby the film gets stooped Stone Age man to become Homo Erectus at a single stroke, possibly the first recorded example of Stand-Up comedy.

Elsewhere Ringo Starr, Barbara Bach and Dennis Quaid simianly amble-and-scramble through a desert landscape dry of wit, doing battle with the grunt-language dialogue and with prehistoric monsters who, though livelier in limb than the stretcher-cases of *Clash of the Titans*, are seldom given anything very novel or ribtickling to do. Somewhere between the grunt-nihilism slapstick of *Caveman* and the soap-opera-impelts approach of the late unlamented *The Flintstones* there may be a rich vein of Troglo-ditic comedy. But on the whole the last, more recent 10,000 years of human history seem much more promising material.

Franco Branciavoli and Monica Vitti

Aldwych

As You Like It

by MICHAEL COVENEY

You do not usually turn up at a Terry Hands production expecting autumnal colour, conciliatory good spirits and bewitching pictures of rustic life. But audience expectation for this comedy is not too much ignored. The forest of Arden, designed by Farrah, is a sturdy arrangement of tall trees decorating a pleasant coppice where dandelions sprout and Orlando's love letters are written on sheets of yellow and green.

The swains have crooks, even if they have seen more service-pulling characters offstage than tending sheep. The banished Duke's friends, led by the splendid tenor of Philip Dennis's Amiens, sing Guy Woolfenden's beautiful settings to the accompaniment of an unseen, ethereal ensemble of brass and woodwind.

The harsh opening scenes are played on a white fur stage whose city vegetation is a row of steel rods. The costumes are black and white Caroline. Everyone here shouts a lot, but the tempo leads inexorably to the wrestling match where a huge Charles (Terry Wood) despatches Orlando into the stalls and is stamped on the hand by Celia.

From the start then this Celia, spiritedly played by Sinead Cusack, is a conspiratorial foil to the interests of Rosalind. They receive the order of banishment in white nightgowns, indeed a couple of Juno's swans. The depths of the forest are a mysteriously microphoned echo-chamber, where Duke Senior's gravity is playfully tolerated by his friends. It is a hoary place for them, but the minute the girls arrive the lighting (by Hands and Clive Morris) paints the vista in a golden haze and beckons like an enchanted temptress.

It is one of the production's boldest strokes to present the forest, from scene to scene, as each inhabitant imagines it. This approach is quite at odds with the governing RSC style of creating a consistent world. Susan Fleetwood's immensely varied and seductive reading of Rosalind is strangely drawn to Jacques (Derek Godfrey), who explains his melancholy in a darkening glade and returns after the boldly intoned lovers' litany to slip her a red rose. I was expecting more from this invention, but the opportunity is left hanging in the final scenes of ritual merrymaking.

The forest, as far as Touchstone is concerned, is as much a place of pastoral conceit as it is an antidote to the court. Joe Melia seizes the part by the scruff of the neck and makes much even of the flatter passages.

He gradually becomes a capering, festooned ninny, bedding Audrey (Sara Moore) with unpremeditated abandon and leading an hilarious version of "It was a lover and his lass" that clinches his appropriation of country styles (hey ding a ding ding).

Rosalind's sudden infatuation with Orlando (John Bowe) at the fight is echoed later on when the reformed Oliver (Jonathan Hyde) recounts his adventure as an amorous overture to Celia. The great scene between Orlando and Ganymede could do with a transfusion of sexual ambiguity; Hands prefers to elicit a premonition of marital strife as the role-playing is irritatedly conducted under an improvised bed cover.

Allan Hendrick is a fine Silvius, but just in case we should think Hands has gone soft poor old William, ordered to tremble and depart, disappears into the gloaming, uncontrollably shaking from head to foot.

Leonard Burt

Susan Fleetwood and Sinead Cusack

Elizabeth Hall

Die Winterreise by ANDREW CLEMENTS

Hardly pausing for breath, let alone thought, the International Festival of the Romantic Movement in the Arts hurtled into the third hectic instalment yesterday of its colourful multi-media mixture. Pivot of Wednesday's events was a performance of Schubert's *Die Winterreise*, given by Robert Tear and Philip Ledger. On this page yesterday Dominic Gill sketched the background to this festival. It appears a rather strange hybrid, neither academically sound in its concepts nor sufficiently attractive in its packaging to quell all criticism. The hall for Mr Tear's account was barely half full; had the same combination performed the same work in a conventional Elizabeth Hall concert in the main season one would confidently expect 80 per cent attendance.

Yet the faded razzmatazz attaching to the proceedings aroused curious prejudices. *Die Winterreise* is one of the supreme masterpieces of 19th-century music and its performances should be treasurable. I am not sure I want to hear the work in an environment of such obvious hype — though I saw only two "I am a Romantic" tee-shirts and unfortunately no one offered me a "Romantic Press" badge.

Was it because of the circumstances that Mr Tear's approach seemed a fraction utilitarian, that vital nuances were sometimes omitted, that vocal colouring was applied in broad swathes rather than more subtle washes? Mr Ledger was an unfailingly efficient accompanist but in his playing also rhythmic pointing was wanting, his tone obstinately monochrome. The verse of each song over, one's mind moved immediately to the next number, overlooking the postludes because Mr Ledger was unlikely to provide any further illumination.

Albert Hall/Radio 3

Lutoslawski and Schumann

by DOMINIC GILL

At the second of their two Prom appearances this week the BBC Northern Symphony Orchestra was conducted by Gunther Herbig. Both concerts included a postwar work: and last night's programme, rounded off traditionally by Beethoven's Eroica symphony, opened with Lutoslawski's *Livre pour orchestre*.

It was an imaginative choice. The *Livre* is one of Lutoslawski's most brilliant and effective "sound-mobiles," dating (1968) from the period between his second symphony and his cello concerto, and it makes a splendid curtain-raiser. The score is an exuberant essay in delicately controlled profusion, moving powerfully through four "chapters" to a huge final climax. It reads like an adventure story in sound. The lashings of brass and the big micropolyphonies of the main development are impressive; but the fine-spun webs of the sub-plots are more fascinating still—tiny traceries of muted strings and woodwind, curls of brass, wisps of string glissandi closely interwoven, and behind many of the most complex textures as well as the most transparent, the shuffling, purring and rasping of percussion. The orchestra gave it with admirable energy and finesse, and with evident pleasure. The piece should be far more frequently played than it is in our halls.

The evening's centrepiece was Schumann's cello concerto — accurately sub-titled by the composer "concert piece for cello with orchestral accompaniment." The solo cellist, Ralph Kirshbaum, took the limelight expansively, and delivered his long line, only rarely broken during the three continuous movements, with great lyrical force, once or twice even to the point of overplaying the fervour. Perhaps ideally I should have preferred to hear an account of this beautiful and deceptively simple concerto a little less urgently and lushly driven, and a little more reflective and closely focused. But that's a personal view: and of its kind, Kirshbaum's was a fine and vital reading, instantly accessible, full of colour and fire.

ICA

Charge of the Light Brigade

The National Theatre of Brent; which quite rightly in these economising days consists of Desmond Dingle, abetted by Bernard (Right Hand) Black, is refighting the *Charge of the Light Brigade* on occasional lunch times at the ICA as an hors d'ouevre to its bloodier *Zulu!* which takes place nightly at the same venue until August 1. Anyone camping in The Mall for the royal procession thus has a patriotic climax to their day.

For Dingle and Black, in their black ties and with their welcoming sherry, are the kind of act which gives the fringe a good name. This is English eccentricity at its most amiably harmless, but rather than vacuous daftness *The Charge* actually puts across a great deal of data on the Crimean War. And it is not facile anti-Imperialist propaganda either rather Brent creates a children's romp, with a large-scale map as the stage and members of the audience playing parts from Lord Lucan to Turkish redoubts. Rarely have I seen people join in so willingly: there is plenty of charm in the Dingle approach.

But like most good theatrical ideas, it is hard to sustain, and there is an undoubted anti-climax when the show ends with the light brigade half way through its charge. In the evening the Zulu Wars get a more complete treatment but for modern-day pageants of the national heritage the National Theatre of Brent can hardly be bettered (they have no competition).

ANTONY THORNCROFT

Sadler's Wells

Royal Ballet School

by CLEMENT CRISP

Both Upper and Lower Schools of the Royal Ballet are at the company's ancestral home this week, with *La Fille mal Gardée*, plus a triple bill which I saw Wednesday night, and which will be on view again on Friday night and Saturday afternoon. It opens with the Dances of England and Ireland that made so attractive a start to the Opera House matinee at the weekend: the Juniors are lively, nimble-footed, charmers all. And so they also proved in Richard Glasstone's excellently judged *Afternoon in the Country*, a suite of dances to Boyce music—shades of *The Prospect Before Us* which shows off the youngsters' good stage manners, and their eager dancing, without forcing them to seem midget grown-ups.

Brief and attractive scenes of fishing, cricket which develops into fisticuffs—tush!—and that other summer sport, courting, are delightfully done. Mr Glasstone has singled out two very appealing talents in embryo in Sara Gallie and Martin Corri, to whom fall the most considerable dance demands. Miss Gallie is gentle, sweetly easy in manner, and very pretty; young Mr Corri has a jump, clean line, and the first intriguing signs of classic style—there is much to hope from them both.

For the Upper School students *Des Patineurs* makes a useful showcase. They are not over-taxed: the girls in blue—Fiona Brockway and Karen Gee—know how to spin through their brilliant coda, and David Yow as the virtuoso boy has a quick, mercurial way with the beats and gyrations of his final solo. The ensemble is neat but not gaudy in prowess—a larger stage might allow greater stretch and fullness to movement—and very well drilled. We see, in sum, many of the virtues of the English school, discreet and unemphatic, and secure within its particular range. How to extend that range, to aim and reach beyond, is what the future is about for these appealing young dancers. The National Westminster Bank sponsored the week—thanks to them, as to the students.

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Soviet trade and the West

THE OTTAWA summit of the seven main non-Communist industrial powers focused attention on the differences within the alliance on trade with the Eastern bloc, especially in the fields of energy and high technology.

The carefully phrased communique committed the seven heads of government to further consultations between their countries and, "where appropriate," to co-ordination designed to ensure that their economic policies towards the Soviet Union and its allies remained compatible with western political and security needs.

That commitment constitutes an advance. It is time that bickering ceased between Washington and the European allies about what may be exported to Russia. This disunity is a weakness in the western alliance. For business it has added one more element of uncertainty in what is a difficult enough world.

But while the communique implies that both President Reagan and the Europeans are willing to consider each other's viewpoints, there is no evidence at all that either side has shifted where matters of substance are concerned. Mr Reagan still wishes to extend restrictions on the export of high technology goods to the Russians; he frowns on the plan of the West Germans and others to construct a giant pipeline to carry 40bn cubic metres of Siberian natural gas to western Europe, more than a quarter of it to West Germany.

Restrictions

For their part, the Germans still want the pipeline, with varying degrees of support from the other European allies; and President Reagan's wish for embargoes or tightened restrictions on the sale to Russia of high technology has met with scepticism or worse from the Europeans.

The likelihood is that the pipeline will go ahead, provided —and that is a big proviso—commercial terms can be agreed with Moscow.

Where high technology is concerned, the most that can be hoped for is that Washington and its friends come to a clear-cut agreement as to what may or may not be sold to the Russians —and that that agreement is subsequently enforced. The Cocom system of restricting exports of strategically sensitive goods to the Communist block has too often been circumvented in the past—not to mention the ability of the Russians to get much of what they want, for instance in micro-electronics, by industrial espionage or other means that are not above board.

Both political and commercial reasons account for the differences in the Western alliance. The U.S., all along, has wished to protect its technological advantage over the Soviet Union, largely with strategic considerations in mind. The Europeans, as Russia's close neighbours, have tended to look upon trade with the East not only as a provider of orders often crucial to their capital goods industries, but also as a means to bridge the gap between the political blocks.

In addition, non-agricultural goods play a subordinate role in U.S. sales to the Russians, whereas they are dominant in the exports of the Europeans. Since President Reagan abrogated the grain embargo imposed after the invasion of Afghanistan, self-denying ordinances are easier for him to demand than, for instance, for Herr Helmut Schmidt.

Where strategic goods are concerned, nobody in their sense would wish to give the Soviet forces means to threaten the outside world more effectively than they already can. Much thought will have to go, quickly into defining what is sensitive and what is not.

Oil reserves

In the case of the pipeline Mr Reagan argues that it will make West Germany too dependent upon Soviet energy and hence open to blackmail. The Germans argue that it will raise that dependence from 3 per cent of their total primary energy needs to no more than 5.5 per cent. They think that is tolerable. By comparison, their dependence upon Saudi Arabian oil—with all the political uncertainties in the Middle East —is 12 per cent.

Moreover, dependence need not be one-sided. Russia's at present accessible oil reserves have a limited life, and Moscow needs American technology to get at oil lying off-shore in the Barents Sea and in deeper geological strata. A basis thus exists for arguing that in spite of the battering that detente has taken dependence could yet be turned into partial interdependence.

Steel's recession cartels

RECESSIONS make cartels respectable. This week, there have been two separate proposals for reducing competition in the steel industry—one relating to steel castings and the other to special steels. It is a coincidence that the announcements have come so closely together, but it is not at all surprising that such ideas are now being taken seriously.

Changing patterns of world trade and economic growth have had a fundamental impact on the structure of a number of basic industries in Western Europe. In sectors like paper, textiles and steel, a substantial level of capacity is currently lying idle, and there is little realistic chance of it ever being needed again.

Parts of the UK steel industry, moreover, are highly fragmented, and cannot hope to achieve the levels of throughput and plant efficiency which would make them competitive with their continental rivals. In the struggle for survival, this is a severe handicap.

Competition

In a completely free market, surplus capacity would be cut away by competition, and the survivors would be the most efficient businesses with the most up-to-date plant. The problem is that for obvious social and political reasons governments are seldom willing to permit their basic industries to be closed down merely because they are less efficient than their neighbours. So all kinds of subsidies have been introduced, both visible and hidden.

The impact of these trends on the UK special steels sector has been devastating. Over the last decade import penetration has risen from next to nothing to more than 50 per cent. Although the level of employment has fallen by as much as four-fifths over the period, it is still reckoned that capacity in the industry needs to be cut back by about a half. In steel castings, capacity reductions of about 25 per cent are thought to be required.

There is a further complication in the UK steel sector, which also serves to distort market forces. This stems from the existence of a large state-subsidised manufacturer which both supplies and in some areas competes with the privately-owned companies.

So it is no wonder that companies' thoughts have been turning longingly to the idea of what have been termed depression cartels. The objective is that by getting together they will be able to come up with an agreed programme of plant closures backed by a system of disciplined pricing. As a result, the industry should be able to promote an orderly run-down, and so preserve a larger amount of efficient capacity than would be the case if all its members fought each other at the graveside.

The precedents for such a strategy in the UK—for instance in the textiles industry during the 1930s and 1950—are not inspiring. But it has proved possible in countries like Japan to rationalise a decaying industry through independently organised cartel, and the UK Government might well encourage such proposals. The interests of the consumer, after all, are protected by the high level of imports.

However, any Government-imposed blue-print should be avoided, especially if it involves the use of taxpayers' money to smooth the pattern of cutbacks. Experience suggests that the net results in terms of plant closures would be meagre, and maybe even counterproductive if such funds were used to delay necessary change.

Of the two schemes currently under discussion, that concerning the steel castings industry is relatively straightforward. The idea is that all the survivors will compensate those who close plants by means of a sales levy. This already has the support of companies representing over 50 per cent of the industry's output.

The plan for the special steels sector—which has been sponsored by the trade association rather than the individual manufacturers—raises a lot more questions. To be successful, it will need the active co-operation of the European Community, the UK Government, British Steel and the UK banking system — not to mention a score of Sheffield companies with a tradition of rugged independence. At this admittedly early stage, the odds against look formidable.

THE STATE OF BRITISH INDUSTRY

2: Productivity

Making the gains stick

By John Elliott, Industrial Editor

PRODUCTIVITY improvements at Ford's traditionally militant Halewood plant have helped cut operating costs by some 6 per cent this year.

British Steel Corporation's Scunthorpe plant has recorded a 20 per cent productivity improvement. ICI's Mond division believes it is set for a 7 per cent overall productivity gain. Plessey is pushing its annual sales per employee up from £14,000 three years ago to £22,000 (with a 1990 target of £55,000) this year at its Edge Lane plant in Liverpool. It is achieving £27,000 at a highly automated circuit board factory in South Shields.

These are just a few of the examples which demonstrate the considerable gains in British productivity as managers—and relatively quiescent workforces —together sweep away many of the inefficiencies of the 1970s. But it may be too early to tell how many of these improvements will endure if—and when —the upturn comes.

Almost every company in manufacturing industry has a story to tell of increased efficiencies, often far exceeding anything it would have thought possible ever a year ago. Companies which began to modernise before the recession have often gained the most.

From the boardroom downwards employees have been drastically trimmed down, overheads cut, and shop floor operations improved—often with the help of investment in automated and electronic plant. Restrictive practices have been reduced, labour flexibility increased, and unprofitable companies and products have been shut down. "It's just a question of survival" is a phrase one constantly hears from management and shop stewards.

"Middle management has switched from despair to enthusiasm to a degree that I can't fault" says Mr Bill Hayden, Ford Europe's manufacturing vice-president, in an uncharacteristic tribute.

"Mrs Thatcher's had no influence on my thinking but she's contributed to the worker's realisation that if they don't do a solid day's work they're out because the Government won't save them" says Mr Arthur Rothwell, the Halewood general operations manager.

Many companies report that a new generation of younger managers is seizing the opportunities with firm but co-operative styles. "New managers coming in in the past few years are professional engineers, not people who've been in the Irish Guards or Military Police," says Mr Wally Anderson, shop stewards' chairman at the Otis Elevator plant in Liverpool. Shop stewards still complain, however, that shop floor managers are often less willing to try co-operative methods than senior managers.

Th statistics from Ford and the other companies give some support to extravagant claims being made by company chairmen about their achievements. They also bolster up figures produced by the Bank of England and Treasury which show that, contrary to the pattern of most earlier recessions, productivity is not declining.

The Bank said last month that output per man hour in manufacturing rose by 2½ per cent in the 12 months to last March, albeit from a low base depressed by last year's steel strike. The Treasury said two weeks ago that output per man rose by about 1½ per cent in the first quarter in manufacturing and production industries.

Many industrialists are surprised by these figures, despite the size of their own cutbacks. More successful businesses have only cut back slightly in excess of falls in demand and expect to take back much of their labour. Some, but not all, have found that productivity declined when three or four-day week working was introduced. (As a result some companies prefer to declare redundancies, especially now the Government's short-time working scheme has been reduced. They believe once-for-all redundancies can often be better for employee morale and for their companies' reputations with customers and suppliers than indefinite short-time).

Many companies insist that they will hang on to their improvements, although a lot also insist that they cannot rely on any permanent change in worker attitudes. One reason why they think they will keep many gains is that they have sliced so deeply into their activities and practices to a degree that cannot be recouped.

A lot of changes—in a technologically changing company like Plessey for example—are being achieved by massive investments in new products and processes. The technology will protect some of the productivity gains, even in traditionally militant areas like Liverpool, although a company like Plessey has not always found the massive changes easy to introduce.

'New managers coming in are professional engineers, not people who have been in the Irish guards or Military Police'

The recession has coincided with the rapid spread of micro-electronics. A surprising number of companies are managing to maintain modest investments in key productivity initiatives like installing advanced machine tools.

For example, Thorn EMI's gas meter factory in Trafford Park Manchester—called Parkinson Cowan Measurement—is investing £1m a year, half of it in automated production machines. It is achieving productivity gains of at least 8 per cent when redundancies and other economies are taken into account, enabling it to develop export markets as its dominant customer—British Gas—has cut back.

Companies like ICI's Mond division and Ford are also cutting deeply into overmanned management structures, sometimes cutting out whole levels of supervision from the boardroom down to the foreman, as well as shedding labour that will never be needed again.

A sharp increase in computer controls of stocks, management systems and shop floor activities in many companies will also help them to monitor businesses and keep productivity in line.

Many companies acknowledge that they will re-employ some labour but do not expect to need to return to old levels.

Gains in productivity have also been made by dramatic reduction in absenteeism. This has been partly caused by older and sick people who were often away, accepting redundancy, and partly by changing attitudes. Industries which used to expect 10 to 20 per cent absenteeism say it is down to 5 to 8 per cent. Some of these gains might be lost, however, when times improve.

"The real question to ask is whether the market will want what companies are still making," says the chairman of one medium-sized diversified engineering company. "If orders come back in the things we are now ready to produce more efficiently, we shall have made productivity gains. But if we have to incur considerable costs gearing up for other products, there may be no advantage."

Many companies are also working in factories far too large for their reduced circumstances. Walking round factories one sees vast areas of unused or under-utilised space which only a few companies with growth markets—like Plessey at Edge Lane—have the funds to clear down and rebuild.

There will also be many bottlenecks in supplies of components and materials to be coped with when the upturn comes. Many companies have no idea how serious these shortages may be when the dust of the recession settles and they can assess how many of their suppliers have gone out of business or have cut back to such an extent that they cannot meet orders quickly enough.

There will also be shortages of skilled workers in many companies, and the lack of major investment will also begin to hit industrial performance.

At the same time businesses like Ford and British Steel are acutely aware that the rest of the world is not standing still. Car plants, steelworks and many other industries in Europe and elsewhere are improving their performance, often outstripping the rate of progress in the UK.

One of the most frustrating things for managers in the past year has been that potential gains in international competitiveness are suddenly reduced and even cancelled out as fluctuations in the exchange rate, foreign price movements or advances made by foreign competitors erode substantial productivity gains being made at home.

BRITISH STEEL

Scunthorpe's new pride in productivity

BRITISH STEEL'S Scunthorpe works has cut the time it takes to make a ton of steel from nine man hours in 1978-79 to about seven hours with a further reduction planned. So labour productivity has improved by 20 to 25 per cent. "Our investigations in Europe indicate we are approaching the best for our sort of plant," says Mr Don Ford, the works director. "But Europeans are improving too and will go further."

Scunthorpe liquid steel production costs have gone down from £106 a ton in January to £93 last month. The plant, which now has a full order book, including 30 per cent exports, has just broken through into profit.

Some 2,800 jobs went in October 1979 when a blastfurnace was shut. And 4,000 lost their jobs when the Normanby Park part of the works was shut this February, bringing the total labour force down to 11,000. Another 1,000 are to go by the year-end.

"To get that final 1,000 reduction and keep the rest of the labour force and increase productivity at the same time is much more difficult," says Mr Ford.

The main inducement has been massive redundancy pay packets of up to £13,000 to £14,000 for long service employees, with an average of £8,000 to £9,000, plus continuing payouts to maintain earnings levels for up to two years after a man leaves. The extra inducement for the rest of this year is a 3 per cent added value bonus for those left behind if the 1,000 go on time. Many of the redundancies have been voluntary.

Management has been streamlined, stocks cut, labour flexibility between craftsmen and general workers increased, and absenteeism reduced.

The shop stewards respect Mr Ian MacGregor and accept a tougher approach adopted by management generally. "He's got an aggressive sales approach which is paying off, even though he's no diplomat and has probably got a degree in dictatorship" they say. They are proud of their productivity even though it is not as great as the 4½ man hours per ton being achieved in Llanwern.

"Our productivity improvements are here to stay," they add.

FORD

Escort costs cut at Halewood

FORD MOTOR estimates that its Halewood workforce should produce 1,077 Escorts a day but is only budgeting for 958. Since its spring strike it has built up production to 903—well short of both targets but considerably better than last year's 700.

However, this increase in output has helped Halewood to reduce its overall operating costs this year by 6 per cent (excluding bought-in components and after adjustments for inflation and fluctuating output).

This is a better rate than a 5.3 per cent increase being achieved in Ford's Continental plants. But Halewood's starting point was so low that it is only now getting back to 1979 levels whereas the Continental plants have been chalking up regular yearly advances of 4 per cent or more since the mid-1970s.

Nevertheless the improvement is remarkable. Mr Bill Hayden, the company's European manufacturing vice president, says that "the quality we are getting is better than I'd ever expected." He attributes the improvements to dramatically better management, more co-operative workers, fewer trade union militants, plus various cost savings. These include include strict stock controls—inventories have been cut by 40 per cent in two years—and slimmer management teams.

But the overall cost reduction in all the British plants is only 4.5 per cent this year. Mr Hayden wants the target to be 10 per cent. Ford is hoping for an overall European improvement of 7 to 8 per cent in the face of its intense Japanese and other competition.

In the meantime there is still a long waiting list for new Escorts in Britain.

It is too early to tell whether the Halewood gains will last—they could be merely the result of a lull in militancy following the recent strike and before annual holidays. Disputes are also continuing—body panel production was stopped for a day last Monday over an extremely minor demarcation and overtime issue.

OTIS

Streamlined for faster delivery to customers

OTIS ELEVATOR of Liverpool used to be famous for its restrictive labour practices. Three years ago it was delivering its lifts up to two to three months behind schedule. In the early 1970s it was as much as eight months behind.

Now it is delivering on time, if not early, and is considered 6th by the rest of the international Otis lift business (part of United Technologies) to supply equipment outside the UK. About 2½ years ago its high costs and poor delivery removed it from this international business and put its future in jeopardy at a time when orders were already being hit by a fall in demand.

The Liverpool plant is now working at about one-third its original capacity, reduced from 1.2m working hours a year to 400,000 which is intended to be its operating level for 1982-83. The labour force has been cut from 600 to 475, mainly by reducing non-production workers under a scheme that boosts statutory redundancy payments to an average of £6,500 (and maximum of about £10,000). The ratio of indirect support workers to direct production workers has dropped from 1.5:1 to 1.6:1, a substantial improvement in productivity.

Mr Alan Mannewaring, Otis general manager, admits that European factories are still more efficient. But he is proud of the turn-round of the past couple of years and his accolade is that he can now tender within Otis for contracts abroad.

He says that, in addition to the redundancies and extensive temporary short-time working, the gains have stemmed from rationalising production and warehousing areas, investing £750,000 in new machine tools (approved by the parent company when deliveries improved), cutting stocks by 25 per cent (controlled by a new computer system), and other general savings.

But, most important, employee involvement has been introduced despite local militant traditions. Production line meetings have been introduced and labour flexibility has been dramatically improved amongst skilled workers. Management has been streamlined at all levels.

MEN AND MATTERS

Change of stock

Johannesburg stock exchange, an institution not hitherto noted for sociological initiative, has slightly surprised itself and astonished the rest of the city by admitting the first non-white member in its 93-year history.

Sikender Ally Ebrahim, a 37-year-old of Indian descent from the Northern Transvaal, passed the stock exchange exams a year ago and was introduced on the floor this week by exchange president Richard Lurie.

The Jo'burg exchange has never had any rules restricting membership on grounds of race any more than sex. It was just assumed that no black, coloured or non-white would ever turn up at the door with the necessary qualifications.

It is not difficult to see why from Ebrahim's own chequered progress to election. Though diplomatically, he suggests that the business-minded Indian community has produced no stockbrokers before now because it prefers professions like medicine and law.

Ebrahim matriculated from a boys' high school in 1962 and went on to obtain a teaching diploma at the Fordsburg training college in Johannesburg. That was followed by six months as a teacher, and two years in a bookshop before he took a job with a firm of stockbrokers in 1968.

Four years later, in the slump that followed the 1969 boom, he lost his job and for the next two years earned a living as a car salesman. But in 1974, he headed back to the stock exchange as a clerk in the broking firm of Menell, Jack Hyman, Rosenberg and Co.

Ebrahim says he did not consider becoming a member of the exchange until early 1979. He failed his first attempt at the exams that year but got through a year later.

For the present he intends to remain a non-voting member but plans to become a broking member as soon as he can raise the necessary capital. The exchange requires its member to have liquid assets of at least R20,000 in excess of liabilities. He foresees no problems to his career now. "If people fail to accept me," he says, "I can only work to prove them wrong."

"To be absolutely honest the

Ad nauseum

"Come to the Hotel Excelsior, Naples," an advertisement beckons me from the pages of the magazine Europe.

"Over the past 75 years, our hotel has looked after 12m guests, many of them famous, all of them important to us," it adds, pressing me to sample the class, the style, the dignified and refined elegance for which Italy's CIGA hotels are noted.

To illustrate just what it means, CIGA pictures below one of its previous guests, well known for his elegance and cultured tastes — a fully-uniformed Hermann Goering, carrying his white gloves, beams invitingly from the hotel entrance.

Ladies first

Positive discrimination or perhaps one should say "reversed sexism," was yesterday made official policy at Statoil, the Norwegian state owned oil company. From now on struggling male managers amongst the group's 1,400 employees may be tempted to have a sex change.

Statoil is to spend NKr 500,000 on training courses and grants for women who wish to compete for higher positions in the technical and economic fields. There will also be a policy of preferring women to men for advancement if the candidates hold the same qualifications.

According to the company, more women in managerial positions would "enrich the working environment," which surely goes without saying.

Statoil's move will undoubtedly be approved by Mrs Gro Harlem Brundtland Norway's Labour Prime Minister. However, I am less sure about the feelings of Mr Brundtland who is best known for his support of the conservative opposition.

Rest assured

Royal wedding news continues to shower my desk like confetti — and even the usually sober insurance industry appears to have picked up on its PR value.

Legal and General's wedding poem, commissioned from Spike Milligan for distribution to the company 5,000 staff (and, of course, the Press) seems to have had the desired effect. Milligan cleverly chose to model his doggerel on the work of the notorious hack Victorian poet William McGonagall: and the poem certainly reads like it.

"*Lady Di sent off a list of*
presents they'd like
Some fish forks — a toaster
—and a bike
A cook book—some plates—
a potted dahlia
And the head of a telephone
engineer from Australia."

Down the road at Abbey Life — prime sited outside the entrance to St Paul's—things have run a little less smoothly. An enormous banner proclaiming the company's name which went up earlier in the week was yesterday removed.

Confessing that a couple of members of the public had complained, a company spokesman told me that the banner had only been an experiment and that senior management had decided instead to opt for the Prince of Wales' feathers to complement the hanging decorations above.

Top drawer

I thought they knew almost as much about money in the tax-haven holiday island of Jersey as they do in the City. So did Miss Binkie Coutts, whose ancestors founded Coutts and Co. some 300 years ago.

Not so, it appears. On her first—"and most enjoyable"—holiday there, she tried to buy a pair of shoes. "The transaction came to an abrupt halt when it became apparent that my proffered cheque was unacceptable," she says.

The bank may enjoy a certain charisma elsewhere, but the Jersey shopkeeper had never heard of it; and the fact that the cheque was not only drawn on Coutts' but signed by a Coutts merely heightened his suspicions.

The Barclay family, I am assured, are welcomed with their bits of paper.

Ivory tower

British Telecom seems to have been cut off from the real world again. Why not dial New Zealand? it asks. Fifty years ago the call would have cost more than a week's wages, today "just £14.14p—which most people can earn in a couple of hours." £282.80 a week may be BT's basic rate but . . .

Observer

Anthony Robinson, East Europe Correspondent, says that Poland faces a long, hard struggle to reform its ailing economy

Poland: into the economic maze

THERE IS a highly symbolic calendar to be found pinned up in the offices of Poland's economists and planners. It shows a blindfolded man groping for the entrance to a maze.

And that is exactly how Poland's economists, who published the calendar, view the difficulties ahead in the search for a new economic model. The Congress which has just ended, may have achieved a great deal in political terms. The country now has a democratically elected leadership with a mandate for reform. But the meeting did little to indicate any pathway through the economic maze.

That said, the outcome of the Congress appears to have been sufficiently encouraging for Western bankers meeting in Zurich to agree conditions for a possible rescheduling of over $2.4bn of Poland's commercial bank debt which falls due this year. Providing the terms prove acceptable to the Polish authorities, as expected, the Zurich meeting will at least have removed one major uncertainty hanging over the Polish economy.

In effect, Western bankers, following the example of their governments, have helped seal an implicit East-West agreement that the recovery of the Polish economy is essential for the stability of Europe as well as Poland itself.

But all the hard decisions about a realistic future pricing policy, reduction of the power of economic ministries and central planners and the degree of entrepreneurial freedom and worker self-management have still to be taken by the Polish authorities themselves.

The whole of Poland knows that the economy is in such a desperate situation that there is no alternative but to press ahead with reforms which, up to now, have been attempted only by two Socialist countries (Yugoslavia and Hungary)

Unlike them, Poland's starting point is the edge of a precipice. "The Gierek years destroyed the economy more effectively than a war—and the economy inherited from Gierek has deteriorated even further over the last year," a planning official said before the Congress. The first task must be to stabilise the economy and halt the continuing downward spiral.

That is easier said than done, however, with imports of vital components and raw materials blocked because of empty hard currency reserves and delays in debt rescheduling. Industrial production dropped 12 per cent over the first five months through the combined effect of the new five-day week and the disruption to production schedules caused by shortages of imported and home-produced components. In May alone, the decline was 18 per cent.

This deterioration continues while the prospect of a bumper harvest could still prove a mirage unless some of the 60,000 tractors immobilised without spares can be miraculously repaired and labour drafted in to compensate for the lack of machines.

Hard currency shortages mean that Poland has faced extraordinary difficulty in finding even the 10 per cent to 15 per cent minimum deposit required to fund vital imports of components and raw materials.

Poland has since faced extraordinary difficulty in finding even the 10 to 15 per cent minimum deposit required to fund vital imports of components and raw materials, including the meat and other foodstuffs offered at concessionary prices by the Common Market countries.

The result is graphically demonstrated by the empty shelves in Polish shops. Production hiccups, meanwhile, have reduced the capacity to supply not only the domestic but also export markets. In the coal industry, production is expected to slump from 193m tonnes last year to 160m tonnes this year, with exports falling from 31m to 10m tonnes.

Beyond these immediate issues, are more serious and deep-rooted structural problems. Over the last 12 months the Government has scaled down the wildly optimistic investment plans inherited from the Gierek years. Already 45 major investment projects have been cancelled and over 1,000 smaller schemes.

But the size of the external debt—now more than $27bn—puts an enormous question-mark over the future of many investment projects on which large sums have already been spent. A combination of bad planning, political interference in economic decision-making, over-optimism and unforeseen problems of all kinds have led to vast cost and time overruns.

So much money has already been spent on many of these projects—like the Ursus-Massey Ferguson-Perkins tractor plant just outside Warsaw—and the need for its planned 75,000 tractors a year is so urgent—that the Government has no alternative but to continue investing to the bitter end. The Massey project cost $400m when announced in 1974 but according to the latest Polish estimates $840m has already been spent and it will take at least three years more to complete the project.

It is the same story with the Huta Katowice integrated steel plant, which has already cost over five time the original estimate.

The evidence is now overwhelming that the fundamental reason why Poland is so poor despite years of sacrifice and heavy investment is that prices have been arbitrarily fixed in the past and bear no relationship to costs. This has led to waste and inefficiency on a vast scale. What is new about the present situation is that political and social developments over the past 12 months have forged a consensus about the need for change.

The cumulative effect of decades of disguised inflation can be seen in the present situation where 25 per cent of the state budget, roughly 12 per cent of the GNP, is currently devoted to price subsidies of various kinds. Low prices and high subsidies have sector and created an industrial devastated the agricultural sector whose true costs are impossible to calculate.

Coal, for example, cost on average 1,600 zlotys per ton to produce. But it is sold to domestic consumers at half this price while export customers, willing to pay up to 3,200 zlotys ($100) per ton, are starved of supplies. Thus low domestic prices encourage profligate use of a key resource which used to earn 16 per cent of the Poles' hard currency.

But the reformers are at pains to point out that there is a lot more to price reform than doubling the price of meat or coal and doubling salaries to compensate. To be effective, price reform has to be an integral part of even deeper structural reform. So far, only Yugoslavia and Hungary have managed to introduce fundamental modifications to the essentially Stalinist, Soviet-style planned economy which developed in the 1950s.

Yugoslavia's switch to "self-managing market socialism" took place in 1965. As a member of the IMF ad the World Bank it engaged specialists from both bodies to help in the changeover, to a market system based on self-managing enterprises.

As soon as the full cost of their inputs was revealed, they shed over 1m workers. Displaced Yugoslav workers sought new jobs in West Germany and elsewhere, which took pressure off the domestic labour market and introduced a new and valuable source of hard currency income from remittances.

This helped Yugoslavia to pay for the imports it required to modernise its economy. But high unemployment and high inflation continue to dog the Yugoslav economy to this day.

Furthermore, the $17bn hard currency debt owed by Yugoslavia's 22m inhabitants is even higher, on a per capita basis, than the $27bn owed by Poland's 36m people.

Despite its problems, however, the Yugoslav model of worker self-management does interest those Solidarity members who believe that greater factory democracy and a greater say in economic decisions are vital elements in economic reform.

Nevertheless, it is the Hungarian model which is looked at with the greatest interest. Hungary embarked on its search for a "new economic mechanism" in 1968. After a lull in the mid-1970s it took a series of big steps forward as the need for a determined reaction to the energy crisis became clear.

Since 1977 producer prices have been raised by stages to those prevailing on world markets. At the same time consumer subsidies have been steadily reduced while wages have been only partially and selectively raised to compensate.

Last year the number of industrial Ministries was drastically cut as the function of the central planners and Ministries changed to that of co-ordinating overall industrial policy, rather than giving detailed production instructions to enterprise. Tight monetary policies imposed by the Hungarian Central Bank play a key macro-economic role. It also masterminds the overall foreign borrowing programme and operates a special credit fund geared specifically to investment in export-oriented projects. In this way, the Hungarian economic reform has put considerable economic power in the hands of technocrats and managers and reduced political interference.

But the Poles in their present mood are sceptical about some aspects of the Hungarian model. As one leading young economist remarked sarcastically: "If ever the Russians invaded it would be to impose the Hungarian model." In this he reflected the views of many Solidarity Union leaders that the Hungarian system gives too much power to the so-called "Red Barons," the aggressive new capitalist-style managers of Hungarian enterprises with powers to hire, fire and fix wages.

Members of the new Solidarity union are adamant that they want a more democratic system in which they are consulted at all levels on the kind of economic policies and sacrifices required.

Agriculture is one area where a start has been made to change the Polish price structure.

Higher prices, greater security and new status have created a new "agro-lobby" in a country biased for decades towards unbalanced industrial development.

Perhaps the most significant indication that the farm reform prospects are being taken seriously by farmers themselves is the fact that in some areas land values have doubled in recent months as farmers have increased or consolidated their holdings.

Meanwhile, planners are looking to agriculture to absorb several hundred thousand workers who are expected to lose their jobs once the reform movement starts to take effect. Officially, Poland still has 300,000 unfilled job vacancies. In practice, the country suffers from massive overmanning. At present, this under-employment is disguised but once the economic reform process gets under way, the full scale of surplus labour is expected to be revealed.

Increased agricultural employment could prove to be the vital safety valve. It will be sorely needed as the full social costs of what is bound to be a painful re-adjustment become clear.

Queueing for food in Poland. Solidarity said yesterday that bus drivers in Lodz, the country's second city, would demonstrate in their vehicles outside the mayor's office unless the situation improves

Letters to the Editor

Blinkered gas policies

From Professor P. Odell

Sir,—Your main news story on July 17 was concerned with future dangers from enhanced Western European dependence on gas imports from the Soviet Union. It suggested designating part of the gas reserves in developed North Sea basin gas fields as the means of countering the inherent insecurity implied with dependence on such supplies.

What you fail to note is the ability of the already proven and probable gas resource base in Western Europe itself to provide all the extra gas that the region will need for at least the rest of the century. These gas reserves can already be estimated at over 7000 x 109 cubic metres, with prospects for a net increase (after allowing for gas used in the meantime) to a total of over 8000 x 109 cubic metres by the mid-1980s. Beyond that lie all the still-to-be-discovered reserves from an accelerated and major exploration effort of a kind which has not yet been undertaken in the Continent's gas rich areas because of the oil companies' unwillingness to invest in exploitation activities which Western European Governments are generally either unprepared or unable to permit or reward.

Thus, Norway has chosen to "sit on" reserves (including the world's largest offshore gas field) because, for domestic policy reasons, it does not want its offshore gas industry to expand; Denmark has only just got round to exploiting gas reserves which have been known for more than a decade and to creating conditions for the further exploration of its potential areas; the Netherlands as a matter of policy, restrains gas production from known fields (including the large Groningen field with recoverable reserves equal to 12bn barrels of oil) and its Government procrastinates over the issue of production licences for many other fields both onshore and offshore; and, last but not least, the United Kingdom deliberately restrains the development of North Sea gas (through its failure to offer a reasonable price for the gas), it agrees to the Morecambe Bay gas field being used only for peak-shaving purposes, rather than for increasing the country's annual rate of production (on the basis of which, incidentally, Northern Ireland could be assured of a gas supply), and it is simply incapable, it seems, of creating a joint public/private sector organisation for building a north North Sea gas gathering system, even after a decade of proposals and discussions.

Reserves

Short-sighted and blinkered nationalistic policies thus undermine Western Europe's ability to increase its level of indigenous gas production. On the bases of known reserves and of infrastructure developments which would cause no financing or technological problems, production could be almost doubled from present levels by the second half of the 1980s. Instead, we are reduced to arguing whether OPEC oil or Russian gas is the more secure base on which to plan our collective energy future. It is a sad commentary on the state of European energy policy-making in 1981 that more attention is devoted to soul-searching on the dangers of dependence on new external supplies, than to seeking means whereby Western Europe's own underevaluated and under-utilised assets of already discovered gas reserves—and the even larger potential resources—could be employed to provide not only large additional volumes of indigenous, secure and preferred energy, but also the means of strengthening our bargaining power with external suppliers for the much reduced amounts of oil and gas which we would then need to import.

(Prof.) P. R. Odell.
(Director-designate, Rotterdam Centre for International Energy Studies).
Erasmus Universiteit Rotterdam
Postbus 1738,
3000 DR Rotterdam.

Frozen funds

From Professor W. Fung

Sir,—Professor D. Myddelton (July 11) claimed to have enlightened us with the central point in the debate on frozen pensions. I would like to point out that Professor Myddelton's view is, to say the least, "off-centre." While I would agree with his assertion that the current tax system contributes to the problem, but to conclude that it is the main cause would be an exaggeration and to suggest tax reforms as a remedy is not only impractical but somewhat extreme.

The real problem with present schemes is that they tend to reward "long-term loyal service" and penalise those who undertake changes in their career pattern. Obstruction to mobility of labour will inevitably occur whenever pension benefits, which in essence is part and parcel of the total pay package, are tied to the employment itself rather than the ultimate beneficiary — namely the employee. This in effect stipulates conditions under which an employee can realise the pay package in "total." Regardless of the tax treatment of pension contributions, it is this basic inflexibility that causes the problem. Of course there are those fortunate few who succeed in obtaining adequate compensation from new employers. The net result is whenever there is a change in the nature of the demand for labour, a not unlikely event with the rapid advances of technology, the cost of such a change will have to include compensations for losses in pension benefits. Such an increase in the cost of labour to new employers is of course a gain to the pension sector.

To paraphrase the chancellor of the exchequer in his recent address to the National Association of Pension Funds, there is a disturbing transfer of wealth from the "active" sector of the "passive" sector of the economy. This, in my view, is the central issue. An issue that is important not only to those directly identifiable victims but is also important to the entire economy.

Professor Myddelton's casual suggestion of buying pensions in Swiss francs or gold, given a "free market" for pension schemes, is perhaps best kept to himself. The volatility in the foreign exchange and commodity markets is sufficient to give pensioners who took his advice to heed, a heart attack! In any case I am sure that diversifying into foreign investments and commodities is nothing new to pension fund managers. Whether or not such investments represent a good hedge against future uncertain inflation is less obvious to me than it is to Professor Myddelton.

W. K. H. Fung
(Associate Professor of Finance)
Rutgers,
The State University of New Jersey,
Graduate School of Management,
92 New Street, Newark,
New Jersey.

Solving the problem

From Mr C. Paine

Sir,—In his Lombard article of July 17 Mr Kaletsky suggests that the Government should offer the same tax relief on pensions savings to those who choose to opt out of a company pension fund as is now enjoyed by the self employed.

This relief is freely available under the terms of existing legislation. You do not have to be self employed to effect a retirement annuity under section 226 of the Income and Corporation Taxes Act 1970. In many cases there are distinct advantages in pursuing this course especially when young and where maximum advantage is taken of recent taxation improvements.

The problem, which is not too great, is that membership of company scheme as a condition eases compulsory. This trend has become more marked in "works" schemes over the past year according to the latest survey of occupational pension schemes produced by the National Association of Pension Funds, but the requirement is less prevalent in small schemes. This means that while an employee may take out a scheme on the same basis as the self employed with one employer, he might then be compelled to stop payment to it when joining another employer with a compulsory scheme.

There are two areas worth considering in solving this problem: Employees should voice their dissatisfaction at being compelled to join the company scheme as a condition of employment. They should, however, be fully aware of the advantages of doing so. In my experience certain larger companies have already been encouraged to go along this path and have made membership voluntary. The Inland Revenue should allow transfer payments from a company scheme to be paid into a "self employed" retirement annuity so that employees could continue to build up their pension entitlement. This valuable extension of tax relief is not currently approvable.

C. M. L. Paine,
Jardine Glanvill (UK),
PO Box 71, Colonial House,
30-34 Mincing Lane, EC3.

University finance

From the Vice-Chancellor, University of Surrey

Sir,—The University Grants Committee has the unenviable task of distributing among the 44 or so universities of these islands a reduced recurrent grant. The committee estimates that the reduction is some 11 per cent and states this to be a minimum estimate. The Committee of Vice-Chancellors and Principals estimates the cuts to be 15 per cent between the years 1979-80 and 1983-84.

The Secretary of State for Education and Science has said that, in the process of making these cuts, no institutions will be forced to close. Whether or not an institution closes depends on the viability of its financial position.

My own institution has received a sizeable reduction, larger than the average but certainly not the highest. What we cannot understand is the severity of the reduction in the first year. It is this very large reduction in the first year which makes the financial management of Surrey and other smaller universities so difficult. We can adjust over three years at Surrey to a 25 per cent reduction in grant and our reduction is by no means the highest. What we cannot understand is why small universities such as Brunel, Bradford, Stirling, Keele, etc have been singled out to take such large reductions in the first year. Small alterations in the grant to the larger institutions through bringing their cut in grant forward (and giving them smaller reductions in the years 1982-83 and 1984-85) could mean giving us a smaller cut this year and larger cuts in 1982-83 and 1983-84. This would produce a much more manageable financial situation for us with the same total allocation of grant and with the same reduction in public expenditure over three years. Either the University Grants Committee is totally unused to managing financial resources or else it is being particularly vindictive towards small, young institutions with small reserves by imposing very large cuts on these in the first year instead of allowing them to phase the cuts more progressively. The richer and more powerful sister institutions would suffer very little in comparison by increasing the cut to these institutions in the first year and mitigating it for the smaller ones, within the same total grant. Why is this not being done?

A. Kelly.
University of Surrey,
Guildford,
Surrey.

Bankruptcy figures

From the Director, Public Affairs, Dun and Bradstreet.

Sir, — In his letter of July 16, the managing director of Control Technology pointed out that many companies are benefiting from the civil servants' industrial action and that the figures for bankruptcies and company liquidations are probably artificially low. Dun and Bradstreet completely agrees that both the VAT and Inland Revenue authorities, who normally account for 30 per cent of winding-up petitions, have been hindered by the dispute.

Even on current figures, however, liquidations did not fall but rose in the second quarter to a weekly average of 176 compared with 174 in the first quarter. Obviously, therefore, we do not attribute these figures to seasonal factors but see them as an indication of the true depth of the recession.

J. M. Dawson.
Dun and Bradstreet
PO Box 17,
26-32, Clifton Street, EC2.

Today's Events

GENERAL

UK: Fire Brigades Union meets employers.

The Queen, with the Duke of Edinbugh takes "The Queen's Review," Royal Air Force College, Cranwell.

Overseas: Iran to elect new President in succession to Mr Abolhassan Bani-Sadr, who was voted out of office last month—also election for 51 seats in Parliament.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Brandt report.

House of Lords: Friendly Societies (Amendment) Bill, all stages. Finance Bill, all stages. Supreme Court Bill, Commons amendments.

COMPANY RESULTS

Final dividends: John Brown. Dom Holdings. Howard Tenens Services. Sogomana Group. Interim figures: Westminster Property Trust.

COMPANY MEETINGS

J. Billam, Royal Victoria Station Hotel, Sheffield, 12. Brengreen, Great Eastern Hotel, EC, 10. P. Brotherhood, Great Northern Hotel, Peterborough, 12. Chamberlin and Hill, Chuckery Foundry, Walsall, 12. Downs Surgical, Selfridge Hotel, W, 12. Duport, Sedgley Road East, Tipton, 12.30. Extel, East Harding Street, EC, 12. Heron Motor, Carlton Tower Hotel, SW, 10. Northern Securities Trust, 16 Finsbury Circus, EC, 12.30. Pegler Hattersley, Lonsdale Suite, Grand Stand, Doncaster Racecourse, 12. Portsmouth and Sunderland News, News Centre, Hilsea, Portsmouth, 12.30. F. Shaw, Corbett Street, Manchester, 2. Westbrick Products, Rougemount Hotel, Exeter, 12.

CITY OF LONDON LUNCHTIME MUSIC

St. Paul's Cathedral. Organ recital by Jon Lankrik, 12.30 pm.

SPORT

Royal International Horse Show, Wembley. Women's AAA Championships, Crystal Palace.

Second half fall but Inchcape ahead for year

SECOND-HALF pre-tax profits of international merchant Inchcape fell from £34.46m to £31.95m, but for the full year ended March 31, 1981 the taxable surplus was ahead at £71.07m, against £65.61m. Overall turnover slipped from £1.54bn to £1.53bn.

The final dividend is unchanged at 11p net per share holding the total at 18.15p.

Lord Inchcape, the chairman, says that provisional results of the early part of the current year have been affected by continuing adverse trading conditions in many areas. but he believes that 1981/82 figures will be acceptable.

"I view the future with confidence and the group will prosper from better trading as the world economy improves."

The chairman says that profits would have been £5m higher for 1980/81 if translated into sterling at exchange rates ruling at the previous year-end.

With the overseas charge increased by over £11m from £14.87m to £26.19m, the group tax charge for the period was £39.06m, compared with £25.03m, leaving net profits behind at £32.02m (£40.59m).

After minority interests of £7m (£5.56m), preference dividends, £69,000 (same), and an extraordinary debit of £3.65m (£5.57m), the attributable surplus came through at £21.29m against £29.39m.

Earnings per share are given as 30.6p (43.1p) and on a CCA basis, which reduced the pre-tax figure to £49.59m (£45.16m), they were 5.2p (19.1p).

A divisional analysis of pre-tax profits shows: general merchants, agents and related activities £25.48m (£23.47m); motor vehicle assembly, distribution £37.45m (£27.05m); insurance £6.43m (£6.08m); marine operations £5m (£8.1m); timber and construction £778,000 loss (£5.56m profit); tea production £3.2m (£507,000); engineering and manufacturing £1.81m (£344,000); investment income £516,000 (£394,000); central charges and interest costs less other activities £6.66m debit (£4.5m); unsecured loan stock interest £1.39m (same).

By location, severe downturns in the UK and the Middle East, from £11.37m to £188,000 and from £7.62m to £2.79m, respectively, were offset by increases in: Continental Europe £3.91m (£442,000); Far East £23.86m (£19.34m); South East Asia £27.75m (£21.17m); India £3.27m (£428,000); Australia and the South Pacific £5.88m (£3.81m).

Lord Inchcape states that in contrast to the general trend of world recession, Inchcape Berhad produced record results and the group's trading profits in Hong Kong were excellent.

General conditions in Nigeria showed some improvement and there was a modest recovery, which should follow through more strongly into the current year. Unfortunately Kenya, without oil, has had major economic difficulties and the consequent restrictions have led to unsatisfactory results.

The chairman says that the UK recession and the serious downturn in the car market adversely affected the companies with BL distributorships, "and it has been necessary to cut back on costs and take remedial action."

Recent events in Iran make the prospects of resuming normal business there more remote than before, although the group continues to maintain a much reduced shipping agency, he states.

A major rationalisation enabled the motor distribution and engineering subsidiary Mann, Egerton and Co. to recover from the £664,000 loss at midway to a small pre-tax profit of £45,000 (£1.93m) at full-time.

See Lex, Back Page

HIGHLIGHTS

Lex looks briefly at the latest figures for institutional investment before turning to the three main company stories of the day. Davy Corporation's full-year figures show a rise from £15.9m to £18.75m, though there are large charges below the line and business remains difficult. The result from Inchcape proved disappointing despite a rise of £5.5m to £71.1m. A sharp increase in taxation has left the attributable level lower. Finally Lex considers the latest from retailer MFI. The company has been holding prices down in an attempt to keep volume moving at a time when costs have been rising with inevitable consequences for profits. Meantime the retailer is working on its Status acquisition to improve profitability.

USM in some disarray

By Ian Rodger

The Stock Exchange's Unlisted Securities Market, scene of some rapid and substantial share price rises in the past few months, was in some disarray yesterday.

Several leading issues fell significantly, including the high flying Consultants (Computer and Financial), off 15p to 93p, Thames Investment down 10p to 190p and Scan Data International off 10p to 145p before recovering to 150p at the close.

USM participants attributed the upset in part to the poor Press reception given the latest offering, Subelectro, this week, in part to a cautious interim statement from Scan Data and in part to nervous closing of bull positions at the end of the current account.

One jobber said the unfavourable comment on Subelectro, a video game manufacturer that Tring Hall Securities is bringing to the market in a £3m placing, cast a cloud over other Tring Hall issues.

Mr Chris Baker, a Tring Hall director, said there had been gossip in the market that Tring would be under pressure as a result of Subelectro but said this was not so. The Subelectro issue had been completely placed although the market took only 1½ per cent of the shares instead of the customary 25 per cent.

Scan Data said yesterday it hoped its results in the full year would be at least as good as last year's. This was a disappointing statement compared to the very high profit growth record the company had in the three years before coming to the market. The prices of other USM computer shares seemed to ease in sympathy.

One jobber said the USM has been absorbing a lot of new issues lately and many more were expected. Perhaps some indigestion was beginning to appear.

MFI dividend held as profits slide by £5m

WITH second-half pre-tax profits down from £8.71m to £6.81m, MFI Furniture Group has ended the May 30 1981 year £5m behind at £11.78m, against £16.77m for the previous 53 weeks.

Earnings per 10p share fell from 9.53p to 5.91p, but the total dividend has been held at 2.62p net with a same-again final of 1.52p. Turnover expanded to £190.8m for the year, against £127.3m.

Mr A. C. Southon, chairman, says that trading conditions generally continued to be very difficult with consumer spending in the group's sector at a depressed level, although turnover during the sales periods was satisfactory.

He states that the group will "undoubtedly benefit from the large scale rationalisation and expansion programme completed last year," but he considers it may be unwise to anticipate any significant improvement in trading conditions.

The chairman believes, however, that the strength of the group and management "should enable us to make further progress in increasing our market share and I view the current year with cautious optimism."

During the year MFI converted 35 Status branches into the group, closed 16 smaller and unprofitable ones, merged 22 and relocated 6 to new and improved premises. In addition 12 branches were opened and trading successfully, and plans are well advanced for the opening of at least another 12 branches in the current year—five have already been opened since the year end.

Group borrowings have been structured on a longer term basis with utilisation of a £12m medium term facility with County Bank. Total borrowings were £18.7m at May 30, and Mr Southon is satisfied that the facilities available to the group give considerable flexibility for the future.

A profit sharing scheme is proposed, and a £387,000 provision in respect of contributions to the trustees has been made above the line in the P and L account. Tax was much lower at £1.72m (£4.2m) and after an extraordinary debit of £14,000 (£123,000) and a £78,000 transfer from reserves last time, the attributable balance was £10.05m, against £12.53m.

Dividends will take £4.46m (£4.04m) leaving £5.58m (£8.49m) retained.

Shareholders' funds amounted to £42.4m (£34.34m), there were net current liabilities of £891,000 (£2.12m), and on a CCA basis pre-tax figure is reduced to £11.2m (£16.47m).

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DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Berisfords	int.	1.2	Sept 4	1.2	—	3.8
Bullough	int.	4.2	Sept 14	4.2	—	10.75
Cardinal Invst. Tst.	int.	1.65	Sept 1	1.65	—	4.5
Celestion Inds.		1	Sept 5	1	1	1
Wm Cook and Sons		0.2	Oct 2	0.7	0.5	1.3
Davy Corpn.		4.7	Sept 23	4.7	6.7	6.7
Derby Trust	int.	8.89	Aug 31	8.61	—	20.26
Drake and Scull	int.	1.25	Sept 4	1.25	—‡	2.75
Elbief Company		0.92	Oct 17	0.92	1.3	1.3
Inchcape		11	Oct 2	11	18.15	18.15
Investment Co.		1.75	Sept 1	1.58	1.75	1.58
John I. Jacobs	int.	0.7	Oct 20	0.7	—	2.81
London Inv.		0.53	—	0.35	0.88	0.35
Y. J. Lovell	int.	2.25	Oct 1	2	—	7
MFI Furniture		1.52	Sept 21	1.52	2.62	2.62
Wm. Ransom		4.18	Sept 21	4.18	5.68	5.6
St. Andrew Trust	int.	2.5	—	2.5	—	6.3
United Gas		3.5	Oct 1	3.5	4.9	4.9
Vosper	int.	1	Sept 12	Nil	—§	Nil
Ward and Goldstone		4.5	—	4.5	5.4	5.4
Wellman Engineering		1.75	Sept 24	1.75	3.35	3.35
S. W. Wood Group		0.5	Sept 17	3.2	1	5.2
Wyndham Engineering		1.75	Oct 15	1.75	1.75	1.75
Yeoman Inv.	int.	2.5	Sept 14	2.5*	—	6.38¶

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Total not less than 2.75p forecast. § Total not less than 2p forecast. ¶ Includes special non-recurring payment of 0.5p.

Fall at Ward & Goldstone

TAXABLE PROFITS of Ward and Goldstone fell from £2.61m to £1.38m in the 53 weeks to March 31 1981 on reduced turnover of £73.25m compared with £74.05m.

At the half year stage this manufacturer of insulated wires and cables and electrical accessories, was ahead with pre-tax profits of £776,000 (£542,000) and turnover had advanced to £39.83m (£36.02m).

The dividend for the year is being maintained at 5.4p net per 25p share with a same again final of 4.5p. The earnings per share are stated at 12.5p (17.24p).

Mr Sampson Goldstone, chairman, says the first quarter of the current year shows little changed from last year. However heavy redundancy and severance payments are likely to recur.

Capital expenditure of £3.16m reflects the company's determination to stay competitive and provide future benefits when demand rises again, he says.

Pre-tax profits were struck after depreciation of £1.9m (£1.73m) and finance charges of £2.31m (£1.84m)—also included were a surplus on the sale of fixed assets of £45,000 (£326,000), sundry income of £219,000 (£87,000), machinery hire charges of £298,000 (£254,000) and auditors remuneration of £46,000 (£40,000).

After a nil tax charge and extraordinary debits of £365,000 (£1.16m) the amount attributable came out at £1.52m (£3.77m).

Current cost adjustments reduce taxable profits to £985,000.

● comment

The 27.6 per cent drop in pre-tax profits marks the fourth successive year of decline at Ward and Goldstone, as capital spending caused debt and finance charges to pile up. At one point during the year borrowings reached £17m—roughly 70 per cent of net worth—and income gearing for the year as a whole ended up at 55 per cent. The balance sheet is now said to look much healthier; better control of purchasing has cut stocks and debt is now down to £10m. Unit labour costs are actually lower than a year ago, the labour force having been cut by 30 per cent in two years. Benefits from associated above-the-line redundancy costs and from the heavy capital programme are to be hoped for as W and G takes advantage of its higher degree of mechanisation. Moreover, there is some shift into new products—such as noise-generators—on which higher margins may be obtainable than on standard wiring lines. But at 93p—down 3p yesterday—a certain amount of faith seems to be required by a fully-taxed p/e of 14.6 even if the 8.5 per cent yield is generous by the standards of the electrical sector.

Davy Corp. advances to £18.7m

ALTHOUGH turnover fell by £81.44m to £670.91m, pre-tax profits of Davy Corporation advanced from £15.94m to £18.75m in the year to March 31, 1981. On a CCA basis, pre-tax profits rose from £13.8m to £16.5m.

The final dividend is unchanged at 4.7p for a same-again total of 6.7p.

Sir John Buckley, chairman of this holding company with a diversified range of interests, says the prospects for the group's engineering and construction companies remains good, although there is a marked tendency for the award of contracts to be delayed and this reflects doubt in the markets served where competition is keen.

The excitement in the market for synthetic fuel projects has abated, he says, and a more sober and realistic approach is evident. The group is well placed for energy projects resulting from new oil and gas exploration, and from the need for improved utilisation of existing fuels.

The engineering and manufacturing companies incurred a net loss of £1.3m on aggregate after a loss the previous year of £1.7m. Sir John says he is more optimistic due to expectations of a better market and in the knowledge that these companies have firmly tackled their basic problems.

He says further encouragement will be given to investment in advanced production technology and to the improvement of efficiency.

There was a tax charge for the year of £7.74m (£6.53m). Attributable profits emerged at £12.72m (£9.47m) after an exceptional tax credit of £6.83m (nil) and extraordinary debits of £5.12m (£55,000 credit). Stated earnings per 25p share rose from 12.5p to 14.6p.

The exceptional tax credit consists of deferred tax in respect of stock relief released less applicable ACT. Extraordinary items consist of re-organisation and closure costs of £4.57m, exchange differences of £1.68m, and a total of 907,000 costs in connection with the proposed offer from Enserch Corporation, less £1.9m tax relief.

Commenting on the Enserch offer, made in December, Sir John says that the board, after careful consideration, decided to reject the offer, being convinced it was not in the interests of shareholders, employees or clients. On March 3 it was announced that the bid had been referred to the Monopolies and Mergers Commission. A decision is expected in the autumn.

Looking ahead, Sir John says that although the market for the group's mainstream business is large and dynamic, the uncertain economic state of the world makes the judgment of its prospects difficult.

While some important projects proceed, others are deferred to await more suitable economic conditions. The markets of the U.S. and the developing countries continue to present good opportunities to which the group is well able to respond. He says he certainly sees no reason to be negative.

The balance sheet shows an increase from £65m to £72.4m in reserves.

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Poor second half for Wm. Cook

AS INDICATED, William Cook and Sons (Sheffield), steel founder, traded at a loss in the second six months and for the year as a whole to March 31 1981 returned pre-tax profits well down at £138,000, compared with £627,000.

In their interim statement the directors anticipated a "substantial" trading loss in the second half—taxable deficit for the period was £7,757, against a surplus of £337,687—and thought it unlikely there would be a final dividend.

However, they have now recommended a final of 0.2p (0.7p) net, for a reduced total of 0.5p (1.3p).

Sales for the year totalled £4.07m (£4.95m) with the attributable profit emerging at £5,000 (£359,000) after tax of £69,000 (£268,000) and an extraordinary debit of £64,000 (nil).

Stated earnings per 20p share dropped from 7.18p to 1.38p.

UGI down but bright outlook

CHIEFLY because of a poorer performance by its measurement and control equipment manufacturing activities United Gas Industries showed a decline in taxable profit from £2.34m to £1.65m for the year to March 29, 1981. Group sales were almost £2m higher at £51.7m.

Midyear, when profit fell sharply from £1.17m to £767,000, the company warned of a reduced trading result for the second half.

For the 12 months the trading surplus finished down at £1.86m (£2.66m) before interest costs of £214,000 (£315,000).

The figures reflect the very difficult trading conditions during the year and the costs of achieving the results have been high in both financial and human terms, the directors say.

Closure of the brass division in Liverpool and the iron foundry in Exeter cost £889,000. Reorganisation of the rest of the group absorbed a further £958,000 taking the extraordinary costs to £1.85m, compared with a £251,000 gain previously.

Overall the workforce has been cut by about a third. At the same time however the directors have started to strengthen the technological base of the company which will benefit future results considerably, they say.

"Foundations for a more prosperous future have been laid," they state, adding that, though the effect of the Government hiving off of the British Gas retail outlets is uncertain the group is confident of maintaining its position in this market.

Some of the year's profits downturn was offset by a lower tax charge of £460,000 (£734,000) arising from accelerated capital allowances and stock relief. Stated earnings per 25p share emerged down from 12.3p to 8p but the net total dividend is being held at 4.9p by a same-again final of 3.5p. Ordinary dividends absorb £713,000 (£822,000).

With extraordinary costs covered by a transfer from reserves, profit attributable to the ordinary was £1.1m (£1.77m).

The directors point out that the group's gearing was greatly improved by the conversion of 86 per cent of the outstanding 9 per cent unsecured loan stock. The share premium of £952,000 arising on this helped ease the impact of the extraordinary costs on reserves which at year-end stood at £8.25m (£8.81m). Share capital at this date amounted to £5.08m (£4.62m) and net assets at 82p (94p) per share.

On a current costs basis profit came out at £596,000 before tax.

● comment

United Gas Industries has worked hard to improve productivity and yesterday's figures, particularly on the domestic appliance side, show some gratifying results. Appliance volume was down about a tenth but the division still managed a significant profit improvement, even in the depressed UK market. However, gas meters remain UGI's largest line and both the industrial and residential markets have been very difficult. It is hard to see much recovery yet, except in the bellows business, but the company's financial position has been strengthened by the conversion of £1.4m of loan stock and the dividend, though uncovered on a CCA basis, has been maintained. At 58p, up 3p yesterday, the yield is a very helpful 13 per cent.

LIT profits surge—pays more

PRE-TAX PROFITS of the London Investment Trust, commodity broking concern, more than doubled from £410,000 to £852,000 for the year ended March 31 1981 and the dividend is boosted to 0.875p, against a single 0.35p, with a final of 0.525p.

At mid-term profits were well ahead to £475,226, but the previous £9,423 excluded results of subsidiary E. Bailey Commodities.

Bailey continued to make satisfactory progress, directors state, and profits from the commodity broking activities exceeded £1m—up from £435,000 to £1.01m—despite the generally depressed levels of activity apparent in the commodity markets.

Turnover of LIT expanded to £1.93m, compared with £1.38m, and was split between commodity broking income £1.81m (£1.33m) and property income of £117,000 this time.

Bailey Inc. has been formed in the U.S. to establish a physical presence there, and it is intended that Mr G. D. Evans, Bailey's chairman, will supervise the affairs of this company.

During 1980-81 E. Bailey commenced the management of investment funds for clients using the company's computerised trading system. Results have been most satisfactory, the directors state, and they expect this will become an important aspect of Bailey's future business.

The acquisition of Petersham House, a substantial property in South Kensington, last September, will contribute to profits and cash flow over the current year, the board says.

The directors add that the policy of combining strong cash flow from trading subsidiaries with investments providing capital appreciation in the longer term will provide a profitable and expanding future for the group.

Pre-tax profit—reduced to £657,000 with current cost adjustments—included a surplus from property investment and dealing of £5,000 (nil) and was struck after £170,000 (£21,000) finance and administration costs. Associate share was £3,000 against a £4,000 loss.

Tax for the year took £452,000 (£236,000) and after an extraordinary credit of £43,000 (£3,000 debit) the available surplus came out at £443,000 (£171,000).

Cost of dividends was £242,000 compared with £52,000 and earnings per share are shown as 1.57p against 1.13p.

S. W. Wood

The non-ferrous metal merchant S. W. Wood Group made a pre-tax loss of £338,858 for the year to March 31 1981 compared with a profit last year of £602,450. Turnover fell from £24.27m to £18.57m.

The final dividend is to be cut from 3.2p to 0.5p making a total of 1p against 5.2p. Losses per 20p share are stated at 0.3p compared with earnings of 3.5p.

A tax credit of £321,984 (debit £263,470) and an extraordinary loss of £122,176 (nil) brought the attributable losses down to £139,050 against a profit of £338,980.

Metal Box mixed trend

OVERSEAS sales and profits at Metal Box are in line with last year. But in the UK, though three divisions have shown marked improvement in the first quarter, demand for beverage cans, processed food cans and central heating products remains weak.

Reporting this to the group's annual meeting, Mr D I Allport, the chairman, pointed out that remedial actions taken last year meant that the company entered the current 12 months in a much stronger position to take advantage of a return to more normal economic conditions.

Remarks made by chairmen at other annual meetings were as follows:—

Mr C. H. Mitchell of Century Oils Group said the general level of trading in the UK appeared to be showing a very slight improvement in various sectors. First quarter results were expected to be comparable with last time, despite the adverse effect of the U.S. miners' strike which did not end until the first half of June.

Mr Paul Croset of Readicut International said savings from reorganisation were coming through and, given a stable and realistic value of sterling, satisfactory progress would be made. Trading conditions in the UK remained difficult and very little upturn in demand was apparent. Because of the group's trading pattern improvement could not be expected until the second half.

BP RIGHTS

The proportion of fully-paid acceptances of the BP rights issue at the first acceptance date of July 13 was 59.98 per cent, a total of 136.1m shares.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Last	Nov. Vol.	Last	Feb. Vol.	Last	Stock
GOLD C	$425	3	7	2	28 A	22	40	$407.75
GOLD C	$450	—	—	12	16.50	28	31.50 A	"
GOLD C	$500	26	1	20	7	—	—	"
GOLD P	$350	6	0.40	—	—	—	—	"
GOLD P	$400	16	9.50	—	—	—	—	"
GOLD P	$425	—	—	2	28	—	—	"
GOLD P	$450	—	—	3	43	22	45	"
		Oct.		Jan.		April		
ABN C	F.300	39	6.60	—	—	—	—	F.294.50
AKZO C	F.25	110	1.20	20	2.50	—	—	F.22.90
AKZO C	F.27.50	35	0.70	—	—	5	1.90	"
AKZO P	F.22.50	50	0.70	5	1	—	—	"
AKZO P	F.25	23	1.90	10	2	—	—	"
HEIN C	F.45	12	3.20	—	—	—	—	F.44.50
HEIN C	F.50	17	1	—	—	—	—	"
HEIN P	F.45	—	—	—	—	32	4.70	"
HEIN P	F.50	—	—	—	—	—	—	"
HEIN P	F.55	63	7.30	10	11.50	—	—	"
HOOG C	F.17.50	34	1.80	9	2.50	—	—	F.17.60
HOOG C	F.20	51	1	2	1.50	—	—	"
HOOG P	F.17.50	—	—	7	1.60	—	—	"
IBM P	$60	3	3¼	—	—	—	—	$56⅞
KLM C	F.90	10	32.50 B	—	—	—	—	F.99
KLM C	F.100	32	10.50	—	—	—	—	"
KLM C	F.110	57	6.50 B	20	11.20 B	—	—	"
KLM C	F.120	130	4.10 B	7	5.50 B	—	—	"
KLM C	F.130	37	2.20	7	3.60	—	—	"
KLM C	F.140	36	1	—	—	—	—	"
KLM C	F.150	58	0.80	—	—	—	—	"
KLM P	F.60	21	0.50 A	—	—	—	—	"
KLM P	F.70	37	1.50	—	—	—	—	"
KLM P	F.80	105	2.80	—	—	—	—	"
KLM P	F.90	41	5	—	—	—	—	"
KLM P	F.100	92	8.20	—	—	—	—	"
KLM P	F.110	37	15	31	20	—	—	"
KLM P	F.120	31	25	—	—	—	—	"
KLM P	F.130	10	34 A	—	—	—	—	"
NEDL C	F.120	13	15	—	—	—	—	F.133.50
NEDL C	F.140	20	3.20	10	11.50	13	8.50	"
NEDL P	F.130	—	—	—	—	13	7.50	"
NATN C	F.115	11	8	—	—	—	—	F.112.70
PHIL C	F.20	78	3	5	3	—	—	F.21.80
PHIL C	F.22.50	28	1.40	50	2.40	15	3.20	"
PHIL C	F.27.50	105	0.80	37	1.60	82	2.20	"
PHIL P	F.20	150	0.30	180	0.70	—	—	"
PHIL P	F.22.50	11	0.60	10	0.70	—	—	"
POLA P	F.25	70	1.40	7	1.60	—	—	"
RD C	F.80	515	12	20	12.50 B	—	—	F.89.50
RD C	F.90	56	2.90	76	3.20	—	—	"
RD C	F.100	22	1.70	12	4.60	—	—	"
RD P	F.90	22	2.40 A	—	—	—	—	"
UNIL C	F.140	60	5	—	—	—	—	F.144.90
UNIL P	F.140	—	—	10	4	—	—	"
		Aug.		Nov.		Feb.		
BASF C	DM.130	—	—	5	1	—	—	DM140.30

TOTAL VOLUME IN CONTRACTS 3216
A=Asked B=Bid C=Call P=Put

SPAIN

July 23	Price %	+ or —
Banco Bilbao	344	
Banco Central	375	+8
Banco Exterior	370	+5
Banco Hispano	318	+8
Banco Ind. Cat.	121	
Banco Santander	390	+12
Banco Urquijo	228	
Banco Vizcaya	377	+10
Banco Zaragoza	250	+1
Dragados	212	−2
Espanola Zinc	85	+2
Fecsa	63	+1.8
Gal. Preciados	50	+3.3
Hidrola	69	+1
Iberduero	56.7	+0.7
Petroleos	126	+1.5
Petroliber	89	
Sogefisa	129	
Telefonica	78	
Union Elect.	74.7	+0.7

OIL INDEX
October Refined $42.20
January Refined $45.60

THE TRING HALL INDEX
119.7 (−0.4)
at close of business 23/7/81
BASE DATE 10.11.80 100
Tel: 01-248 5675

CORAL INDEX
Close 514-519 (−1)

هكذا من الأصل

Berisfords halfway upsurge

TAXABLE PROFITS of Berisfords more than doubled in the six months ended May 15 1981 to £212,000—compared with £102,000—on turnover down from £5.26m to £4.82m.

The directors of this ribbons, trimmings, lampshades and embroidery manufacturer are maintaining the interim dividend at 1.2p net per 25p share. Last year a total of 3.8p was paid on pre-tax profits of £256,200 (£1.69m). Mr John F. Sebire, chairman, anticipates the final payout will be in line with last year's.

He says that despite the recession the company's financial position has improved and it is slowly climbing back to past levels of profitability. Though turnover was down he says exports continue to increase. The Royal Wedding has stimulated demand for decorative ribbons and commemorative bookmakers—but this is only a small proportion of the company's trade.

Berisfords is continuing its re-organisation programme, with further reductions in overheads coming into effect over the next 18 months. Exceptional items of £50,000 (£25,000) for the half year include the £42,000 part cost of amalgamating two dye-houses.

Stocks have been reduced and this and other factors have enabled the company to reduce borrowings considerably, he says.

Interest charges amounted to £97,000 (£168,000), and tax is estimated to take £21,000 (same), leaving £191,000 (£81,000) attributable to shareholders.

Earnings per 25p share are stated at 4.7p (2p).

INGERSOLL-RAND

In Wednesday's report on the figures of Ingersoll-Rand, manufacturer of compressors, pumps and associated equipment, the paragraph referring to dividend payments was published in error and bore no relationship to the story.

Vosper rises sharply and resumes dividends

THE IMPROVED trading referred to by Sir John Rix, the chairman of Vosper, in his annual report has continued and for the six months to April 30, 1981 group profits have risen sharply, the pre-tax figure emerging at £961,579, compared with £375,044.

Sir John says orders received over the period have resulted in a higher level of manufacturing activity in the group with a consequent increase in the numbers employed, particularly in the UK. He sees this trend continuing.

The rate of sales enquiries is continuing at an encouraging level but the chairman points out that the adverse influence of the world recession remains and therefore it is considered important to conserve the group's financial resources.

For this reason the resumption of dividend payments — an interim of 1p net per 25p share and 0.2p per deferred share are declared—"must be on a modest level for the time being." A final of not less than 1p is predicted.

For the year to October 31, 1980 the group plunged to a pre-tax loss of £1.41m and passed both its interim and final dividends.

Group turnover of this shipbuilder, shiprepairer and engineer for the first half of the current year advanced from £3.41m to £8.4m and there was a trading profit of £1.26m, compared with a loss of £669,754.

The pre-tax surplus was struck after depreciation of £200,263 (£131,731) and interest charges £221,740 higher at £432,380 and included investment income of £335,766 (£1.38m) and a share of associates' profits of £3,186 (£10,407).

Tax took £94,000 (£360,000) and after a credit of £90,765 from realisation of investments (£797,813 debit) the attributable surplus came through at £958,344 (loss £557,437). Last year's figures included a minority profit £123,480 and an extraordinary credit £101,852.

Stated earnings per share increased sharply from 2.3p to 14.4p—in calculating this figure five deferred shares were taken to equal one 25p ordinary.

The group's claim for fair compensation concerning nationalisation of subsidiary companies in 1977 was examined on May 6 by the European Commission for Human Rights which subsequently requested the UK Government to give its observations in writing on the admissibility and merits of the claim.

In the view of leading counsel and the directors "this represents significant progress" in the company's avowed intention of seeking adequate and effective compensation, the chairman says.

Following discussions with Hovermarine Corporation the remaining 49 per cent of the ordinary shares of Vosper Hovermarine have been acquired in settlement of the claim made by Vosper for breach of the warranties and indemnities given in the purchase and sale agreement.

● comment

Vosper's reviving order book has translated itself into a dramatic turnround. From a pre-tax loss of £1.8m in the second half last year, the company has emerged with an interim profit of £0.96m. Capacity which was last year being insufficiently loaded to cover fixed costs has now been brought into play to such an extent that the labour force at Fareham has had to be increased by a quarter. With a smaller effect on local employment, there has been a similar recovery at Vosper's yard in Singapore. Order intake is currently at least sufficient to maintain activity, and there must be good prospects of making £2m before tax this year. That suggests a fully-taxed p/e of 8.4, at 135p. The shares went ahead 10p on the announcement of a 1p interim dividend; the prospective yield is 2.1 per cent on the assumption that the final is paid on the same conservative basis (historic cover of 14 times). Further compensation for nationalised assets remains a long-term speculative interest.

J. I. Jacobs expects to pay same

A DROP from £745,000 to £630,000 in pre-tax profits is reported by John I. Jacobs and Co., shipowner and shipbroker, for the six months to June 30, 1981. Turnover rose from £749,000 to £817,000.

The directors say that results for the second half will compare unfavourably with those now reported, but it is expected that the final dividend will be no less than the 1.6p paid last year. The interim dividend is unchanged at 0.7p—last year's total of 2.8p included a non-recurring payment of 0.5p.

Trading profits for the first half rose from £112,000 to £124,000, and investment income and interest receivable amounted to £434,000 (£422,000).

Profit on realisation of investments amounted to £129,000 against £10,000. There was a deduction for provision for diminution in value of listed investments of £59,000 (release of provision, £238,000).

After tax of £272,000 (£231,000), retained profits came out at £197,000 (£353,000). Stated earnings per 20p share dropped from 2.23p to 1.55p.

OFFER RESULTS

Application lists for offers for sale by two investment trusts closed yesterday. The offer by F. and C. Enterprise Trust was oversubscribed while the one by East of Scotland Onshore attracted applications for only 70.1 per cent of the 4m shares at 64p per share. The balance will be taken up by the underwriters.

The East of Scotland offer was underwritten by Parsons and Company and Williams de Broe, Hill Chaplin. FACET was underwritten by Morgan Grenfell. Dealings in both trusts begin on July 28.

The offer for sale by tender of £3m in 10 per cent redeemable preference stock by the East Surrey Water Company has been oversubscribed. The minimum tender price was £100 per cent and the average price obtained was £100.0668.

Bullough down but holds interim

EPSOM-BASED Bullough, whose subsidiaries are in engineering and furniture manufacture, made pre-tax profits of £1.73m in the six months to April 30 1981, compared with £2.42m in the same period previously. Turnover slipped from £25.28m to £22.16m.

The interim dividend is maintained at 4.2p net—last year's total was 10.75p from pre-tax profits of £4.18m.

The directors point out that they had predicted first-half pre-tax profits below those of the second half of last year (£1.76m). They say that were it not for the need to provide for a significant probable bad debt at B and B Trailers, the interim figure would have been ahead.

They add: "Most companies performed well in spite of the recession, although they had to adjust to lower demand levels.

"The market outlook for one of the other larger companies is also poorer for this period. Mild recoveries elsewhere will be insufficient to offset these reductions, so that earnings in the second half are expected to be below those now reported.

"Close financial control has resulted in a satisfactory cash position with nil net borrowing at the present time."

Tax took £773,000 (£896,000) and extraordinary items £61,000 (nil) to leave attributable profits of £898,000 (£1.52m) of which £367,000 (same) was paid in dividends

Lloyds Bank Group results for the half-year ended 30 June 1981

"Compared with the previous half-year, pre-tax profits are 20% up on the historical cost basis and 5% up after allowing for inflation. We were able to achieve these results because of lower provisions in the UK and a strong performance by Lloyds Bank International.

Retentions are sharply reduced by the special levy on banking deposits which the Chancellor introduced as a once-for-all measure in the 1981 Finance Bill. This levy amounts in our case to £58.6 million, and we have provided for it in full in our half-year figures as an extraordinary item on the assumption that the Bill will shortly become law."

Jeremy Morse

Sir Jeremy Morse, KCMG, Chairman.

Interim dividend

The Directors of Lloyds Bank Limited have declared an interim dividend on account of the year ended 31 December 1981 of 8.625p per share (1980: 7.5p) payable on 28 August 1981 to shareholders registered on 31 July 1981. With the related tax-credit the payment is equivalent to a gross dividend of 12.3p per share (1980: 10.7p).

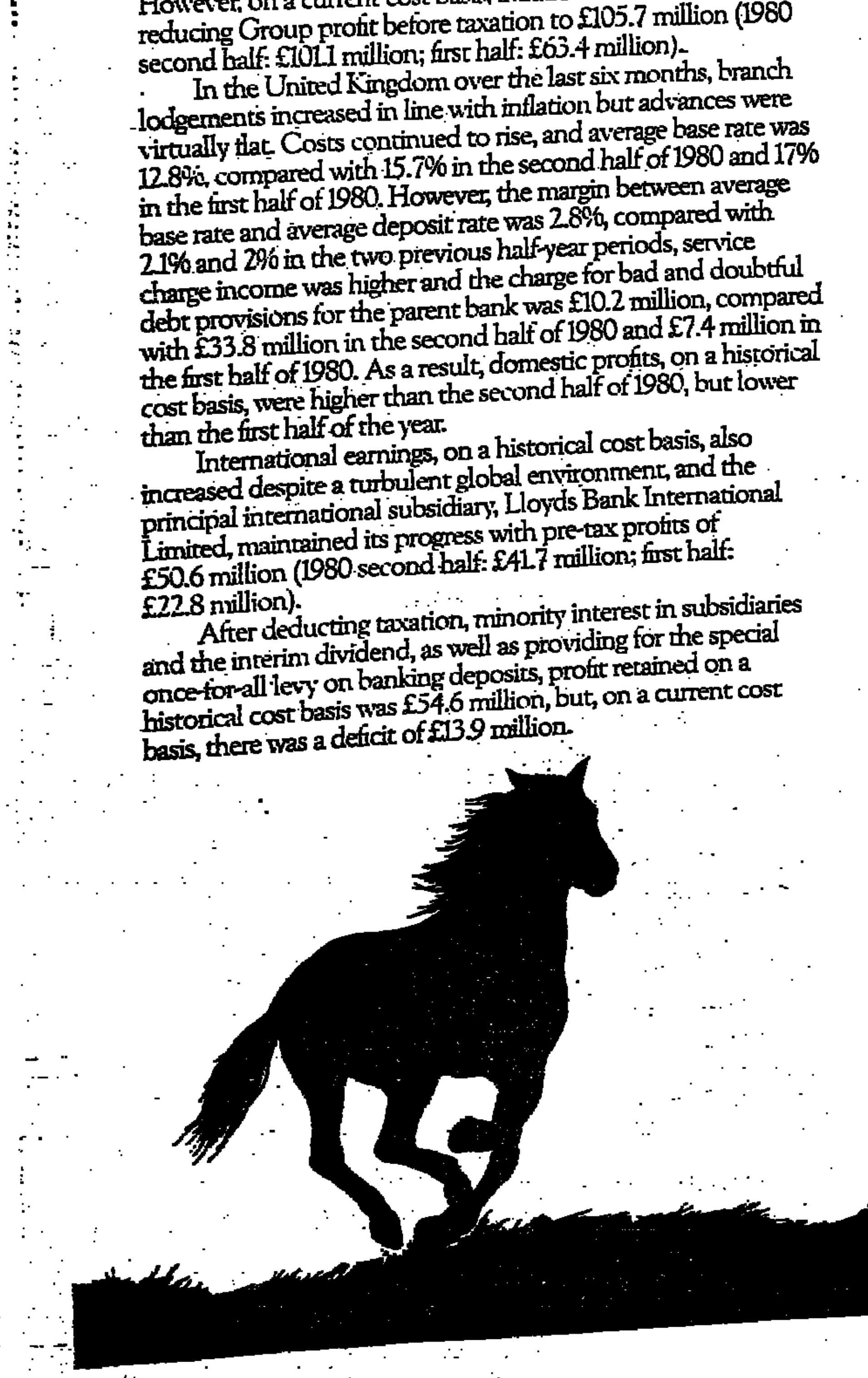
Comment on results

For the first six months of 1981, on a historical cost basis, Group profit before taxation at £174.7 million was up approximately £30 million (20%), compared with each half-year in 1980. However, on a current cost basis, inflation has the effect of reducing Group profit before taxation to £105.7 million (1980 second half: £101.1 million; first half: £63.4 million).

In the United Kingdom over the last six months, branch lodgements increased in line with inflation but advances were virtually flat. Costs continued to rise, and average base rate was 12.8%, compared with 15.7% in the second half of 1980 and 17% in the first half of 1980. However, the margin between average base rate and average deposit rate was 2.8%, compared with 2.1% and 2% in the two previous half-year periods, service charge income was higher and the charge for bad and doubtful debt provisions for the parent bank was £10.2 million, compared with £33.8 million in the second half of 1980 and £7.4 million in the first half of 1980. As a result, domestic profits, on a historical cost basis, were higher than the second half of 1980, but lower than the first half of the year.

International earnings, on a historical cost basis, also increased despite a turbulent global environment, and the principal international subsidiary, Lloyds Bank International Limited, maintained its progress with pre-tax profits of £50.6 million (1980 second half: £41.7 million; first half: £22.8 million).

After deducting taxation, minority interest in subsidiaries and the interim dividend, as well as providing for the special once-for-all levy on banking deposits, profit retained on a historical cost basis was £54.6 million, but, on a current cost basis, there was a deficit of £13.9 million.



Group profit (historical cost basis)

(unaudited)

	Note	6 months ended 30 June 1981 £ million	6 months ended 31 December 1980 £ million	6 months ended 30 June 1980 £ million
Operating profit of Lloyds Bank Limited and subsidiaries	1	173.7	140.6	139.9
Share of profits of associated companies	2	12.7	12.7	11.8
		186.4	153.3	151.7
Interest on loan capital		11.7	8.2	6.9
Profit before taxation and extraordinary item		174.7	145.1	144.8
Taxation	3			
Lloyds Bank Limited and subsidiaries		40.1	52.6	24.3
Associated companies		5.2	5.0	5.9
		45.3	57.6	30.2
Profit after taxation		129.4	87.5	114.6
Minority interest in subsidiaries		0.9	0.5	0.4
Profit before extraordinary item		128.5	87.0	114.2
Extraordinary item: provision for special levy on banking deposits	4	58.6	—	—
Profit attributable to the shareholders of Lloyds Bank Limited		69.9	87.0	114.2
Dividend		15.3	16.4	12.8
Profit retained		54.6	70.6	101.4
Basic earnings per £1 share		74.7p	51.0p	67.2p
Fully diluted earnings per £1 share		68.7p	46.9p	61.7p
Dividend per £1 share		8.625p	9.6p	7.5p
(gross equivalent)		(12.3p)	(13.7p)	(10.7p)

NOTES

1. Operating profit of Lloyds Bank Limited and subsidiaries is stated after charging provisions for bad and doubtful debts as follows:

	6 months ended 30 June 1981 £ million	6 months ended 31 December 1980 £ million	6 months ended 30 June 1980 £ million
Specific	16.0	44.7	7.9
General	8.3	7.2	8.0
	24.3	51.9	15.9

2. The Group's shareholding in Lloyds and Scottish Limited was increased from 39.3% to 50.2% in March 1981 at a cost of £26.0 million. At the end of June 1981, as a result of an Offer for the remaining share capital, the Group's shareholding was increased to 59.9% at a further cost of £23.1 million: the Offer remains open for the remaining 40.1% of the share capital. The Royal Bank of Scotland Limited, which owns 39.3% of the issued share capital of Lloyds and Scottish Limited, intends to defer any action with regard to the Offer until the report of the Monopolies and Mergers Commission in relation to competing bids for its own capital has been published with the Government's decision on the recommendations. The latest available financial information relating to Lloyds and Scottish Limited is that published for the six months ended 31 March 1981 and the Group's 39.3% share of those results has been included in share of profits of associated companies in these interim results; this share amounted to £4.5 million (1980 second half: £3.4 million; first half: £4.0 million).

3. Taxation has been provided on the basis of a UK corporation tax rate of 52%, and the charge takes account of the effective rate estimated for the year. Provision is not made for deferred taxation in respect of accelerated depreciation allowances relating to equipment used in the business or leased to customers where there is a reasonable probability that such taxation will not become payable in the foreseeable future; consequently, no provision has been made for the six months ended 30 June 1981, although a total provision of £52 million was made in 1980 because of the exceptional level of leasing business in that year. If full provision for deferred taxation had been made, the taxation charge for the six months ended 30 June 1981 would have been increased by £37.8 million (1980 second half: £26.4 million; first half: £41.8 million).

4. The Finance Bill 1981 contains provisions for the special levy on banking deposits. The cost to the Group will be £58.6 million, and this amount has been provided in full as an extraordinary item in the six months ended 30 June 1981.

Supplementary information

Analysis of operating profit (historical cost basis)

	6 months ended 30 June 1981 £ million	6 months ended 31 December 1980 £ million	6 months ended 30 June 1980 £ million
Interest income	1,485.8	1,402.1	1,292.1
Interest expense	1,029.5	951.5	896.3
Net interest income	456.3	450.6	395.8
Provisions for bad and doubtful debts	24.3	51.9	15.9
Net interest income after provisions	432.0	398.7	379.9
Other operating income	154.4	133.7	116.7
	586.4	532.4	496.6
Operating expenses:			
Staff	267.6	253.6	230.3
Premises and equipment	55.8	50.1	45.8
Other	89.3	88.1	80.6
	412.7	391.8	356.7
Operating profit of Lloyds Bank Limited and subsidiaries	173.7	140.6	139.9

Lloyds Bank Limited (parent bank)

Charge for provisions for bad and doubtful debts

	6 months ended 30 June 1981 £ million	6 months ended 31 December 1980 £ million	6 months ended 30 June 1980 £ million
Specific	6.2	33.8	3.9
General	4.0	–	3.5
	10.2	33.8	7.4

Group current cost profit

(unaudited)

	Note	6 months ended 30 June 1981 £ million	6 months ended 31 December 1980 £ million	6 months ended 30 June 1980 £ million
Operating profit of Lloyds Bank Limited and subsidiaries as in the historical cost accounts		173.7	140.6	139.9
Monetary working capital adjustment	A	74.6	46.2	83.2
Depreciation adjustment	B	5.4	6.2	3.8
		80.0	52.4	87.0
Current cost operating profit		93.7	88.2	52.9
Share of current cost profits of associated companies		8.1	9.3	5.2
		101.8	97.5	58.1
Gearing adjustment	C	15.6	11.8	12.2
less: interest on loan capital		(11.7)	(8.2)	(6.9)
		3.9	3.6	5.3
Current cost profit before taxation and extraordinary item		105.7	101.1	63.4
Taxation as in the historical cost accounts		45.3	57.6	30.2
Current cost profit after taxation		60.4	43.5	33.2
Minority interest in subsidiaries		0.4	(0.1)	0.4
Current cost profit before extraordinary item		60.0	43.6	32.8
Extraordinary item: provision for special levy on banking deposits		58.6	–	–
Current cost profit attributable to the shareholders of Lloyds Bank Limited		1.4	43.6	32.8
Dividend		15.3	16.4	12.8
Current cost (deficit) profit retained		(13.9)	27.2	20.0
Current cost earnings per £1 share:				
Basic		34.9p	25.6p	19.3p
Fully diluted		32.4p	23.9p	18.1p

NOTES

A. The monetary working capital adjustment represents the effect of price changes on the net monetary working capital used in the business and is calculated by reference to changes in the UK retail price index and appropriate overseas indices. Net monetary working capital consists of advances and other monetary assets less liabilities on current, deposit and other accounts.

B. The depreciation adjustment is the difference between depreciation based on the value to the business of premises and equipment and the depreciation charge in the historical cost accounts.

C. The gearing adjustment reduces the monetary working capital and depreciation adjustments by the proportion of capital provided other than by shareholders' funds.

MINING NEWS

Cautious dividend policy from Anglo gold mines

BY GEORGE MILLING-STANLEY

THE SOUTH AFRICAN gold producers in the Anglo American Corporation group have all opted for caution in their interim dividend declarations for the six months to June 30.

While the mines concerned all recorded improved profits for the period, they plan to raise production this year to counter the current weakness in the bullion price, and have therefore been less generous with dividends in order to fund increased capital expenditure.

In general, the market had been expecting lower dividends than last year, and the present payments are broadly in line with those expectations. Western Deep Levels may cause some surprise, as this mine has halved its payment to 200 cents (116p), some 50 cents below the figure the market had been hoping for.

The biggest mine in the group, Vaal Reefs, is paying 450 cents, well down on last year's interim of 620 cents but a little above most expectations. This follows the receipt of a total of R10.4m in interim dividends from Southvaal Holdings, which paid 160 cents a share.

Recent dividends from the Anglo mines are compared in the table.

	June 1981 cents	Dec 1980 cents	June 1980 cents	Dec 1979 cents
East Dagga	*nil	15	*nil	10
ERGO	—	—	—	—
SA Lands	*15	20	*35	20
Southvaal	*160	260	*170	140
Vaal Reefs	*450	700	*620	320
Western Deep	*200	400	*400	225

* Interim.

Vaal Reefs has increased its planned production for this year to 8.5m tonnes of ore from previous estimates of 8m tonnes. At a grade of 8.4 grammes of gold per tonne, this should lift gold output to 2.3m ounces from the previously planned target of 2.16m oz, and the mine now estimates its capital spending at R135m, against earlier estimates of R110m.

Western Deep also has major capital spending ahead, much of it on the new No. 1 sub-vertical shaft.

The June quarterly reports from the Anglo group mines, which bring to an end the current season, continue the story of net profits mostly at least maintained, in spite of the fall in the bullion price in U.S. dollar terms.

As with most of the other South African gold producers, Anglo's mines have been helped by the strength of the dollar against the rand, so that the amount received in rands is virtually unchanged from the March quarter, as the accompanying table shows.

GOLD PRICE RECEIVED (R per kilogramme—$ per ounce)—

	Qtr. ended June 30	Qtr. ended March 31
ERGO	R13,060 ($484)	R13,103 ($528)
Elandsrand	R13,108 ($484)	R13,003 ($522)
F. S. Geduld	R13,068 ($484)	R13,102 ($529)
F. S. Saaiplaas	R13,087 ($486)	R12,998 ($525)
President Brand	R13,078 ($484)	R13,017 ($526)
President Steyn	R13,105 ($487)	R13,105 ($530)
S. A. Land	R12,977 ($481)	R12,924 ($521)
Vaal Reefs	R13,077 ($484)	R12,720 ($514)
Welkom	R13,070 ($483)	R13,056 ($527)
Western Deep	R13,091 ($488)	R12,981 ($521)
Western Hldgs	R13,062 ($484)	R13,066 ($528)

The results are characterised by close attention to working costs, with the effect that the average rise over the group as a whole has been contained to around 7.5 per cent on the previous three months.

The young Elandsrand was a major exception, with costs rising some 18.5 per cent, but the mine still turned in profits more than five times ahead of the March quarter at R4.33m.

This was largely a result of the fact that Elandsrand no longer has to pay interest on a substantial loan from the parent company, following its recent rights issue.

Vaal Reefs and Free State Saaiplaas also put up strong profit performances, both being about 40 per cent ahead of the March quarter. These two mines boosted gold production by milling more ore at higher grades.

Another feature common to most of the mines was a fall in taxation and the share of profits accruing to the state under South Africa's lease system. This arose largely because of higher capital expenditure, added to which in some cases gold profits were a little lower.

Individual net profits are compared in the following table.

	June qtr. R000	March qtr. R000	Dec qtr. R000
East Dagga	145	60	197
ERGO	20,390	19,406	24,389
Elandsrand	4,329	833	2,555
F. S. Geduld	37,669	37,662	44,982
F. S. Saaiplaas	1,492	1,056	6,529
Pres. Brand	35,471	33,364	40,500
Pres. Steyn	28,052	25,895	33,772
S. A. Land	1,198	[illegible]	1,782
Vaal Reefs	89,986	63,655	123,089
Welkom	10,394	10,310	12,802
W. Deep	54,373	43,613	73,047
W. Holdings	25,393	26,982	29,643

Mount Isa to get a new shaft

AUSTRALIA'S MIM Holdings is to build a new internal shaft at its big Mount Isa copper mine in Queensland to gain access to a deep-lying copper orebody.

The shaft marks the first major move into a new mining area at Mount Isa for 10 years. It will start about 1,000 metres underground, some 500 metres from the existing shaft, and run to a depth of about 1,900 metres below the surface.

The main shaft-sinking operation will start in mid-1983 and is expected to be completed in 1986, with production from the new orebody beginning some five years later.

Most of Mount Isa's annual output of 5m tonnes of copper ore now comes from between 700 and 850 metres below the surface.

MIM also announced that it had raised its stake in Asarco of the U.S. to 12.45 per cent, as part of the plan to diversify away from its dependence on a single mine and participate in the American company's interest in the U.S., Canada, Mexico, Peru and Bolivia.

Asarco has in return agreed to reduce its holding in MIM to 44 per cent from the present 46.9 per cent.

RTZ ENTERS U.S. OIL/GAS JOINT VENTURE

London's Rio Tinto-Zinc Corporation is increasing its interests in American oil and gas exploration by entering into a joint venture agreement with the Dallas-based Hrubetz Oil Company.

Platt Energy Corporation, a subsidiary of RTZ Oil and Gas, will pay U.S.$8m a year for three years to earn a 25 per cent interest in the current Hrubetz oil and gas acquisition and exploration programme in the United States.

The agreement also provides for fourth- and fifth-year programmes to be arranged on the same basis at the option of the participants. Hrubetz has already commenced work on the exploration and drilling programme, the first well being drilled at present in Louisiana.

RTZ is also participating in the Hrubetz programme through its 24 per cent-owned Brinco, which entered into a three-year joint venture with Hrubetz in April this year.

CAN. HUNTER-CARTER OIL FARM—IN DEAL

The oil and gas exploration unit of Noranda Mines, Canadian Hunter Exploration, has reached agreement with Carter Oil and Gas whereby Carter can earn a working interest in Hunters 375,000 net acres in the Deep Basin of north-eastern British Columbia.

Subject to Carter arranging financing of the deal, Carter will fund a C$500m exploration and development drilling programme to acquire the working interest. Drilling under the terms of the agreement is expected to commence later this year.

GLOBE AND PHOENIX

The higher average bullion price ruling during 1980 helped the Zimbabwe gold producer Globe and Phoenix Gold Mining to lift net profits to Z$449,058 (£339,000) from Z$77,416 in 1979.

Earnings came out at 50.84 cents a share, up from 8.76 cents, and an unchanged 10 per cent dividend is proposed.

The company said that its Zimbabwe operations are showing a loss over the first five months of this year owing to the fall in the gold price and a rise in costs.

Pancontinental plans A$22m rights issue

AUSTRALIA'S Pancontinental Mining has announced plans to raise A$22m (£13.5m) through a one-for-one rights issue. The offer will be made at A$1, compared with the recent price on the Sydney Stock Exchange of A$5.70, reports our Sydney Correspondent.

The company also plans a simultaneous one-for-four scrip issue, but shares taken up in the rights issue will not be able to participate.

Mr Tony Grey, Pancontinental's chairman, said that although the funds raised by the rights issue would largely be used to pursue the company's non-uranium interests, he expects construction work at Jabiluka, the largest uranium deposit so far found in Australia, to begin this year.

Pancontinental has been waiting for permission to go ahead with the development of its Northern Territory uranium deposit for some 10 years.

Mr. Grey added that talks with prospective customers had shown that the company would find ready markets for Jabiluka's uranium.

After the two issues the company's theoretical share price would be around the A$3 mark, about half the current level and thus likely to be more attractive to private investors, Mr Grey said.

BIDS AND DEALS

APE says hold on as NEI stake nears 27%

AS Northern Engineering Industries yesterday continued its relentless build up in the shares of Amalgamated Power Engineering, taking its holding up to nearly 27 per cent, the directors of APE have again appealed to shareholders to hold on to their shares, claiming that the offer "seriously undervalues" the company.

NEI — which last week launched a £25.6m bid for the diesel engine turbine and compressor group—has purchased a further 9 per cent of the APE shares (1.65m) taking its total holding up to 26.84 per cent—all acquired through the market.

On the Stock Exchange APE shares remained at the bid price of 140p. The shares jumped from 89p to 109p in the week prior to the bid and gained a further 32p on the day the offer was announced.

The directors of APE say that they have "noted with concern" NEI's acquisitions of shares in the market. They ask holders to wait for the detailed reasons for the rejection of the bid which will include a profits forecast.

The directors say that "NEI should not be allowed to acquire APE cheaply through market purchases without shareholders being given the chance for APE to state its case."

APE plans to send out its rejection statement when NEI's formal offer has been published.

Ofrex share dealings to be investigated

THE STOCK EXCHANGE has started an investigation into dealings in shares of the Ofrex Group, which rose sharply prior to the suspension of listing on Wednesday.

The London-based manufacturer and distributor of office supplies and industrial products called a halt to dealings just before announcing that it was engaged in talks which could lead to a bid.

Since July 9 the value of the shares has risen by 36 per cent, going up from 90p to 122p on Wednesday prior to suspension. At the suspension price the company is valued at £24.2m.

The company has said that a further announcement would be made as soon as possible.

SMURFIT/ALTON

The Dublin-based Jefferson Smurfit Group intends to acquire all the publicly held shares of Alton Packaging Corporation of Illinois, U.S., by means of a merger in which shareholders would receive $27.50 in cash for each Alton share. Smurfit currently owns 80.6 per cent of Alton.

Alton is engaged in paperboard packaging, paper reclamation and manufacture of folding cartons. Smurfit's activities are primarily in the packaging industry.

LAW LAND

Lloyds Bank International, advisers to Law Land, on July 22 purchased 25,000 Law Land shares at 120½p for a discretionary investment client.

D. M. LANCASTER

Pursuant to the purchase agreement for Club 18-30, dated November 7 1979 the deferred consideration amounting to 2,485,720 new shares now becomes payable, the relevant profit forecast having been exceeded.

Accordingly D. M. Lancaster has allotted the additional shares to the vendors—interests controlled by Mr Werner Rey and associates.

QUEEN'S HOTEL BLACKPOOL

The Queen's Hotel Blackpool (1975) cash offer for the issued shares of Savoy Hydro has been declared unconditional. Acceptances have been received for 66.42 per cent of the ordinary and 83.26 per cent of the preference shares.

MURCO CHARTERS

Stewart Wrightson Holdings announces that agreement has been reached with Murco Petroleum on the terms under which Murco will be assigned the charter, until 1991, of the mt Grey Warrior, from SWH's wholly owned subsidiary Galbraith Wrightson.

The vessel is to be delivered to the new charterers before the end of 1981, and on delivery the present charter to Bergen Shipping Partners and the rights and obligations of both GW and SWH will cease.

Murco Petroleum is a wholly owned British subsidiary of Murphy Oil Corporation of El Dorado, Arkansas.

G. Dew talks on buy-out reach an advanced stage

TALKS HAVE reached an advance stage between the board of G. Dew, the Oldham construction company, and its Dutch parent on plans for an institution-backed management buy-out of the company. In 1978, Royal Adrian Volker Group, the predecessor of Royal Volker Stevin, the international contracting group, paid £7m to acquire G. Dew.

Last December talks began between the management of G. Dew, advised by Minster Trust, and Royal Volker Stevin, whose advisers were Morgan Grenfell. The current proposal is that certain senior managers of G. Dew will acquire about 5 per cent of a new holding company, set up as the vehicle for the transaction.

Minster Trust is forming a syndicate of institutional investors to purchase the remaining 95 per cent of G. Dew.

Before it was taken over by the Dutch company, its shares were previously listed on the Stock Exchange and some form of listing is now expected.

Last year RVS announced plans to sell assets not strategically important to the group. These disposals were anticipated to net £20m.

Fulcrum raises terms

Fulcrum Investment Trust—a Newcastle-based split capital investment trust—is increasing its offer for Construction Holdings, the former engineering consultancy company which was restructured as an investment trust in 1979.

In its second revised offer Fulcrum is raising the terms from 2¾ units to 3.3 units for each Construction share but this time there is a cash alternative of 215.32p per share.

The earlier offer was rejected by Construction because it was inadequate and also because there was no cash alternative.

Fulcrum says that the offers will not be increased. If the offer becomes unconditional a special dividend of 5p will be paid to Construction holders.

Fulcrum says that the total acceptances in respect of the original offer have been received in respect of 163,450 shares (17.02 per cent).

LONDON TRADED OPTIONS

July 23 Total Contracts 1,975. Calls 1,614, Puts 361

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	280	42	7	54	11	60	—	310p
BP (c)	300	27	61	42	66	46	35	"
BP (c)	320	16	105	30	12	—	—	"
BP (c)	350	8	22	15	5	—	—	"
BP (p)	300	12	75	15	—	22	—	"
BP (p)	330	20	—	24	69	—	—	"
BP (p)	410	104	—	104	1	—	—	"
CU (c)	140	50	—	56	5	—	—	181p
CU (c)	160	33	—	39	8	42	—	"
CU (c)	180	20	8	26	5	29	—	"
CU (c)	200	10	19	18	30	22	—	"
Cons. Gld (c)	420	51	18	67	—	80	1	456p
Cons. Gld (c)	460	29	41	43	—	55	—	"
Cons. Gld (c)	500	15	30	27	—	—	—	"
Court'lds (c)	60	9½	—	13½	4	15½	10	65p
Court'lds (c)	70	5	4	8½	5	10	—	"
Court'lds (c)	80	1½	—	4	7	—	—	"
GEC (c)	600	145	1	—	—	—	—	733p
GEC (c)	700	62	1	83	—	105	—	"
GEC (c)	750	30	16	53	3	73	—	"
Gr'd Met. (c)	160	43	1	—	—	—	—	201p
Gr'd Met. (c)	180	25	111	32	9	—	—	"
Gr'd Met. (c)	200	15	1	21	—	24	10	"
Gr'd Met. (c)	220	5½	12	11	9	14	—	"
Gr'd Met. (p)	200	11	—	13	—	15	15	"
Gr'd Met. (p)	220	22	—	24	10	27	—	"
ICI (c)	240	34	20	—	—	—	—	262p
ICI (c)	260	20	57	32	—	40	—	"
ICI (c)	280	10	48	22	—	30	—	"
ICI (p)	260	14	35	18	—	20	—	"
ICI (p)	280	24	25	28	—	32	—	"
Land Sec. (c)	312	28	1	36	—	—	—	322p
Land Sec. (c)	330	—	—	—	—	36	1	"
Land Sec. (c)	336	15	6	21	1	—	—	"
Mks & Sp (c)	200	11	—	13	—	15	15	127p
Mks & Sp (c)	220	22	—	24	110	27	—	"
		August		November		February		
Barclays (c)	390	57	—	57	1	75	—	438p
Barclays (c)	420	27	19	33	4	55	—	"
Barclays (c)	460	6	3	15	—	32	—	"
Imperial (c)	60	2¾	100	3¾	104	5¾	138	61p
Imperial (c)	70	¾	—	1¾	10	3	10	"
Imperial (c)	80	½	59	¾	—	1½	5	"
Lasmo (c)	500	104	—	127	3	154	—	599p
Lasmo (c)	550	59	17	82	1	115	—	"
Lasmo (c)	600	27	16	60	2	84	—	"
Lasmo (c)	650	10	11	30	9	—	—	"
Lasmo (c)	1700	5	2	22	19	—	—	"
Lasmo (c)	800	2	5	—	—	—	—	"
Lonrho (c)	100	2	5	4½	—	7	2	92p
Racal (c)	360	60	6	75	—	89	—	417p
Racal (c)	390	32	127	54	—	68	—	"
Racal (c)	420	15	15	35	2	47	—	"
Racal (p)	360	1½	—	4	5	9	—	"
Racal (p)	390	3	—	10	—	13	2	"
Racal (p)	420	14	—	20	3	25	—	"
RTZ (c)	500	35	28	60	6	80	—	526p
RTZ (c)	550	15	5	35	2	55	—	"
Shell (c)	330	60	4	66	6	—	—	378p
Shell (c)	360	34	15	46	9	54	—	"
Shell (c)	390	15	6	28	10	36	—	"
Shell (p)	360	14	20	18	—	24	—	"
Shell (p)	390	26	1	30	—	34	—	"

C=Call P=Put

Thames Inv. agrees U.S. property deal

Thames Investment and Securities has conditionally agreed with Beverly Hills Savings and Loan Association of Beverly Hills, California, to participate in commercial property development ventures in the U.S.

Beverly Hills Savings and Loan Association will offer Thames investment opportunities in property development ventures through limited partnerships with Beverly Hills Savings and others.

On completion of the agreement Beverly Hills Savings and Loan Association will subscribe to the sterling equivalent of U.S.$4m for the issue of ordinary shares in Thames at £2.50 per share.

Thames has also agreed to purchase a block of freehold and leasehold properties from Allied Plant Group Ltd. The properties were independently valued by a firm of chartered surveyors on July 1 1981 on an open market value basis at £2.15m.

The consideration is £1.85m, to be satisfied by the allotment and issue at par to Allied Plant of £1.85m nominal of 10 per cent convertible unsecured loan stock 1995-2001.

Thames has also sold its 40 per cent interest in Protocol Engineering to Allied Plant for £150,000 cash.

Howard M'chy reduces losses

Before tax losses of Howard Machinery were reduced sharply from a restated £2.24m to £934,000 in the half year to April 30 1981 despite sales dipping to £20m, compared with £23.15m.

The results exclude the figures of subsidiary companies which have been sold with effect from November 1, 1980. The figures for the half year to end-April 1980 have been adjusted to show the results on the same basis for comparative purposes. Pre-adjusted results showed turnover at £33.42m and a pre-tax deficit of £944,000.

Pre-tax losses for the first half of the current year was struck after interest charges of £1.14m, against an adjusted £1.76m.

There is again no interim dividend—last year the final was also passed.

The group is involved in the manufacture and sale of farm equipment.

● comment

The speculative froth engendered by Diamond Industries appears to have gone flat and the share price, down 1p yesterday to par value and 10p off the year's peak, is saying that Howard Machinery is now an "if and when" recovery punt, with a long, hard slog to come. A small interim trading profit has been wiped out by massive income gearing but at least the slate of exceptional and extraordinary costs was wiped clean last year and the group says that the full benefits of rationalisation have yet to show through fully. The balance sheet has not been strengthened very much because the £2m taken out of stock is partly offset by first half losses and much of the available tax credit can only be set against any future profits. Negotiations are now under way for the sale of three properties which are in the books at about £2.5m after a revaluation 18 months ago. That will help but the impetus now must come from the group's own trading efforts. Profits are still patchy and the main selling season, which has just started, will be crucial. The shares have probaly reacted sufficiently but, on the basis that Diamond's proxies relating to 7 per cent of the equity are said to expire quite soon, the short term outlook must be cloudy.

Richards & Wallington sells another company

BY RAY MAUGHAN

THE RECEIVERS of Richards and Wallington, the major crane hire group which went into receivership at the end of last month, have sold the second subsidiary to its operating management.

Mr Frank Beeks, the managing director of Bramcotes Industrial Maintenance, has paid what is described as "a less than six-figure" amount for the business assets of the materials handling distribution and service subsidiary with financial assistance from Barclays Bank. Loan finance has been advanced on the security of Bramcote's freehold premises in Coventry and an overdraft facility has been provided to cover working capital requirements.

Mr Philip Baldwin, a partner in Price Waterhouse Birmingham who has been acting as receiver and manager for the crane hirer said yesterday that "this is the second management buy-out which I have completed in the Richards and Wallington group.

"As with the first, HMT Engineering (which was sold for £383,000), Bramcotes was a logical candidate for being sold to existing management. It has been a successful business in the past and I hope that it continues to be so in the future under its new ownership."

The subsidiary produced profits of £40,000 pre-tax in 1980 on £300,000 turnover. It employs 10 people including the new owner. Mr Beeks said that he had been preparing proposals for a buy-out before the group went into receivership. Mr Baldwin is also responsible for the R and W subsidiaries Bowyer Plant Hire and Transport, R. K. Crisp (Haulage) and Euro-Mec Construction Equipment. He is confident of further disposals within the next week or two and expects that management buy-outs will form a "continuing pattern."

TRIDENT TV APPROVAL

Trident shareholders yesterday endorsed plans for the divestment of Yorkshire Television and Tyne Tees Television published on July 1. These proposals followed the IBA's directive of December 28, 1980 that Trident should cease to control either Yorkshire TV or Tyne Tees TV.

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa

Orange Free State

Reports of the directors for the quarter ended June 30 1981.

FREE STATE GEDULD

Free State Geduld Mines Limited

ISSUED CAPITAL: 14 440 000 shares of 50 cents each.

	Quarter ended June 1981	Quarter ended Mar. 1981	9 months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	128	128	400
Tons milled 000's	721	706	2 183
Yield—g/t	9.38	9.71	9.53
Production—kg	6 857	6 857	20 799
Cost—R/m2 mined	270.39	256.18	247.88
—R/ton milled	47.38	46.25	45.41
—R/kg produced	5 051	4 761	4 766
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	644	634	1 870
Head grade:			
gold—g/t	0.53	0.48	0.49
uranium—kg/t	0.09	0.09	0.09
sulphur—per cent	0.94	0.98	0.95
PRICE RECEIVED ON SALES			
Gold—R/kg	13 056	13 102	14 032
—$/oz	484	529	563
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	89 710	91 768	290 625
—costs	34 637	32 650	99 131
—Profit	55 073	59 118	191 494
Joint Metallurgical Scheme profit	1 472	2 032	4 291
Net sundry income	2 802	2 032	7 858
Profit before taxation and State's share of profit	59 347	63 016	203 644
Provision for taxation and State's share of profit	21 788	25 354	83 461
Profit after taxation and State's share of profit	37 559	37 662	120 183
Deduct:			
Appropriation for capital expenditure			41 642
Dividend—interim			38 105
Retained profit for the nine months			40 435
Capital expenditure	22 426	20 833	63 833
Tonnage milled and treated for Welkom Gold Mine on a cost plus service charge basis	700	38 100	104 500
SHAFT SINKING			
No. 5 main shaft			
Advance—metres	—	60.7	94.0
Final depth—metres	1 831.8	1 831.8	1 831.8
Station cutting—metres	46.2	159.3	831.4

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	2 663	360	26.7	55.28	1 476	0.33	8.59
No. 2	2 730	298	16.9	57.69	975	0.54	9.10
No. 4	851	82	116.8	55.88	6 527	0.26	30.55
No. 5	4 387	430	42.1	13.75	579	0.23	9.85
No. 7	2 342	300	23.8	19.75	470	0.51	12.18
No. 9	2 637	262	9.2	103.37	951	1.92	17.65
Philippi No. 414 tribute area	150	—	—	—	—	—	—
Quarter ended June 1981	15 770	1 732	30.0	38.43	1 153	0.40	12.04
Quarter ended March 1981	14 466	1 006	26.7	51.09	1 364	0.49	13.14
Nine months ended June 1981	47 231	4 166	26.4	45.64	1 205	0.47	12.45
Leader reef							
No. 1	198	116	120.5	4.00	482	0.17	20.55
No. 2	141	128	276.6	2.41	667	0.12	33.09
No. 4	833	378	151.4	2.62	397	0.06	9.22
Quarter ended June 1981	1 172	622	171.4	2.73	468	0.09	16.24
Quarter ended March 1981	1 511	1 006	120.8	2.74	331	0.09	11.05
Nine months ended June 1981	4 151	2 344	145.0	2.70	392	0.09	13.39
Kimberley reef							
No. 7	363	190	199.3	0.89	178	0.05	9.19
No. 9	305	—	—	—	—	—	—
Quarter ended June 1981	668	190	199.3	0.89	178	0.05	9.19
Quarter ended March 1981	497	208	181.2	6.88	1 247	0.05	9.96
Nine months ended June 1981	1 638	648	194.5	2.61	508	0.04	8.45
Elsburg reef							
No. 7							
Quarter ended June 1981	21	—	—	—	—	—	—
Quarter ended March 1981	8	8	110.0	1.53	168	0.01	1.15
Nine months ended June 1981	102	56	181.4	0.66	119	0.02	3.04
Area under tribute from Western Holdings							
Basal reef							
Quarter ended June 1981	62	—	—	—	—	—	—
Quarter ended March 1981	47	22	225.5	1.35	304	0.01	2.69
Nine months ended June 1981	156	64	223.1	1.64	366	0.01	3.20
Leader reef							
Quarter ended June 1981	27	—	—	—	—	—	—
Quarter ended March 1981	41	40	170.2	1.46	249	0.04	6.13
Nine months ended June 1981	141	108	194.3	1.58	307	0.03	5.87

DIVIDEND

The interim dividend of 365 cents a share in respect of the year ending September 30 1981 was declared on April 23 1981 payable to members registered on May 8 1981 and was paid on June 12 1981.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1981 totalled R17 302 000.

For and on behalf of the board
G. LANGTON, G. S. YOUNG — Directors

July 24 1981

PRESIDENT STEYN

President Steyn Gold Mining Company Limited and its wholly-owned subsidiary, Video Mining Company Limited

ISSUED CAPITAL: 14 566 400 shares of 50 cents each

	Quarter ended June 1981	Quarter ended Mar. 1981	9 months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	195	170	552
Tons milled 000's	1 006	912	2 892
Yield—g/t	6.00	6.50	6.33
Production—kg	6 048	5 928	18 294
Cost—R/m2 mined	193.12	214.46	198.24
—R/ton milled	37.36	39.98	37.84
—R/kg produced	6 226	6 150	5 982
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	2 904	2 794	7 209
Head grade:			
gold—g/t	0.55	0.57	0.56
uranium—kg/t	0.08	0.09	0.08
sulphur—per cent	0.81	0.79	0.80
PRICE RECEIVED ON SALES			
Gold—R/kg	13 105	13 105	13 857
—$/oz	487	530	553
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	79 500	77 893	252 062
—costs	37 658	36 459	109 428
—Profit	41 842	41 434	142 634
Joint Metallurgical Scheme profit	3 442	3 191	9 262
Net sundry income	3 997	3 786	12 510
Profit before taxation and State's share of profit	49 281	48 411	164 406
Provision for taxation and State's share of profit	21 229	22 516	76 686
Profit after taxation and State's share of profit	28 052	25 895	87 720
Deduct:			
Appropriation for capital expenditure			19 164
Dividend—interim			39 329
			29 227
Retained profit for the nine months			26 743
Capital expenditure	9 860	8 206	
SHAFT SINKING			
No. 4 sub-vertical shaft system			
Advance—metres	—	—	—
Depth to date—metres	1 175.2	1 175.2	1 175.2
Station cutting—metres	451.0	872.9	1 279.8

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	850	144	12.6	108.17	1 363	0.73	9.23
No. 2	902	—	—	—	—	—	—
No. 4	2 585	340	81.2	26.43	2 146	0.29	23.20
Video lease area	826	276	177.4	14.96	2 654	0.06	10.14
Quarter ended June 1981	2 163	760	103.1	21.16	2 182	0.15	15.81
Quarter ended March 1981	6 579	840	87.0	22.16	1 946	0.16	14.30

PRESIDENT STEYN—continued

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Nine months ended June 1981	17 983	2 410	82.2	23.92	1 966	0.20	16.24
Leader reef							
No. 1	491	376	128.7	3.64	469	0.18	23.43
No. 2	533	230	145.0	3.83	555	0.17	24.37
No. 4	82	50	84.6	4.44	376	0.14	11.96
Video lease area	214	134	139.0	3.74	520	0.07	9.85
Quarter ended June 1981	1 320	760	132.4	3.75	497	0.16	20.67
Quarter ended March 1981	1 499	800	134.4	3.62	486	0.17	23.34
Nine months ended June 1981	4 052	2 250	133.0	3.79	504	0.18	23.61
"A" reef							
No. 1	1 426	356	19.9	20.45	407	0.57	11.25
No. 2	1 654	600	68.1	11.89	810	0.22	14.85
Quarter ended June 1981	3 080	956	50.1	13.17	660	0.27	13.51
Quarter ended March 1981	2 722	632	52.8	16.44	868	0.40	21.24
Nine months ended June 1981	8 546	2 316	47.8	13.97	668	0.31	14.98
Area under tribute to and developed by President Brand (not included above)							
Basal reef							
Quarter ended June 1981	400	46	13.3	98.20	1 306	0.87	11.59
Quarter ended March 1981	305	—	—	—	—	—	—
Nine months ended June 1981	990	52	13.1	93.21	1 221	0.82	10.79
Leader reef							
Quarter ended June 1981	140	82	91.5	3.00	274	0.06	5.42
Quarter ended March 1981	102	28	82.6	2.20	182	0.07	5.40
Nine months ended June 1981	310	110	89.3	2.81	251	0.06	5.41

DIVIDEND

The interim dividend of 270 cents a share in respect of the year ending September 30 1981 was declared on April 23 1981 payable to members registered on May 8 1981 and was paid on June 12 1981.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1981 totalled R12 299 000.

PRODUCTION

A disturbance by workers at the company's Nos. 1 and 2 shaft hostels on July 12 1981 resulted in damage to buildings and equipment which at first estimate is in excess of one million rand. Their work stoppage has meant a loss in production of some 10 000 tons.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

July 24 1981

WELKOM

Welkom Gold Mining Company Limited

ISSUED SHARE CAPITAL: 12 250 000 shares of 50 cents each

	Quarter ended June 1981	Quarter ended Mar. 1981	9 months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	122	128	383
*Tons milled 000's	586	617	1 837
Yield—g/t	4.81	4.87	4.81
Production—kg	2 819	3 004	8 832
Cost—R/m3 mined	168.09	154.09	156.22
—R/ton milled	34.99	31.97	32.57
—R/kg produced	7 275	6 566	6 774
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	370	359	1 067
Head grade:			
gold—g/t	0.66	0.70	0.69
uranium—kg/t	0.19	0.20	0.20
sulphur—per cent	0.35	0.35	0.35
PRICE RECEIVED ON SALES			
Gold—R/kg	13 070	13 058	13 938
—$/oz	483	527	553
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	36 976	39 731	122 441
—costs	20 507	19 724	59 832
—Profit	16 469	20 007	62 609
Joint Metallurgical Scheme profit	956	420	3 232
Net sundry income	1 484	1 053	3 480
Profit before taxation and State's share of profit	18 909	21 480	69 321
Provision for taxation and State's share of profit	8 515	11 170	35 815
Profit after taxation and State's share of profit	10 394	10 310	33 506
Deduct:			
Appropriation for capital expenditure			3 155
Dividend—interim			18 988
			11 363
Retained profit for the nine months			6 573
Capital expenditure	3 418	2 253	
*Tons milled includes ore milled and treated by Free State Geduld Mines Limited at cost plus a service charge	700	38 100	104 500

This arrangement has been temporarily suspended as excess tonnage is depleted.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 1	1 446	152	9.2	84.89	781	1.40	12.92
No. 2	1 229	240	14.5	58.07	842	0.96	13.87
No. 3	196	12	8.0	66.63	533	0.30	2.41
Quarter ended June 1981	2 871	414	12.2	66.31	809	1.08	13.16
Quarter ended March 1981	5 203	490	13.8	55.14	761	0.95	15.17
Nine months ended June 1981	9 648	1 222	14.0	63.29	886	1.03	14.42
"A" reef							
No. 2	36	—	—	—	—	—	—
No. 3	45	—	—	—	—	—	—
Quarter ended June 1981	81	—	—	—	—	—	—
Quarter ended March 1981	67	—	—	—	—	—	—
Nine months ended June 1981	148	—	—	—	—	—	—
Leader reef							
No. 1	264	102	225.8	0.67	152	0.08	18.54
No. 2	101	50	68.7	5.72	393	0.24	16.71
No. 3	1 123	358	149.9	2.41	362	0.14	21.34
Quarter ended June 1981	1 488	510	157.1	2.06	323	0.13	20.32
Quarter ended March 1981	917	454	136.3	2.72	371	0.14	18.42
Nine months ended June 1981	3 438	1 388	128.9	2.59	334	0.15	19.00
Intermediate reef							
No. 2				0.38	60	0.11	18.34
Quarter ended June 1981	127	120	165.9	0.15	26	0.06	10.56
Quarter ended March 1981	50	34	169.5				
Nine months ended June 1981	289	170	157.3	0.35	55	0.12	18.93
"B" reef							
No. 3	112	34	235.6	0.93	220	0.05	11.74
No. 2	30	34	148.1	0.82	122	0.10	14.36
Quarter ended June 1981	142	68	191.9	0.89	171	0.07	13.05
Nine months ended June 1981	142	68	191.9	0.89	171	0.07	13.05

DIVIDEND

The interim dividend of 155 cents a share in respect of the year ending September 30 1981 was declared on April 23 1981 payable to members registered on May 8 1981 and was paid on June 12 1981.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1981 totalled R1 782 000.

MINING OF ERFDEEL/DANKBAARHEID AREA. FORMATION OF ENLARGED WESTERN HOLDINGS COMPLEX AND PROPOSED MERGER OF WELKOM GOLD MINING COMPANY LIMITED AND FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

Attention is directed to general note 1 below.

For and on behalf of the board
G. LANGTON, G. S. YOUNG — Directors

July 24 1981

PRESIDENT BRAND

President Brand Gold Mining Company Limited

ISSUED CAPITAL: 14 040 000 units of stock of 50 cents each

	Quarter ended June 1981	Quarter ended Mar. 1981	9 months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	162	144	460
Tons milled 000's	841	822	2 499
Yield—g/t	8.30	8.43	8.32
Production—kg	6 977	6 930	20 802
Cost—R/m2 mined	206.15	217.37	207.55
—R/ton milled	39.71	38.18	38.20
—R/kg produced	4 787	4 316	4 589
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	514	505	1 736
Head grade:			
gold—g/t	0.58	0.67	0.61
uranium—kg/t	0.16	0.15	0.15
sulphur—per cent	0.85	0.82	0.82
PRICE RECEIVED ON SALES			
Gold—R/kg	13 078	13 017	13 915
—$/oz	484	528	553
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	91 550	91 003	287 037
—costs	33 397	31 387	95 459
—Profit	58 153	59 616	191 598
Joint Metallurgical Scheme profit	6 150	6 097	18 954
Net sundry expenditure	263	369	2 427
Profit before taxation and State's share of profit	64 040	65 344	209 125
Provision for taxation and State's share of profit	28 565	31 960	99 766
Profit after taxation and State's share of profit	35 475	33 384	109 359
Deduct:			
Appropriation for capital expenditure			28 808
Dividend—interim			41 118
Retained profit for the nine months			39 433
Capital expenditure:			
—Mine	13 293	10 077	35 082
—Joint Metallurgical Scheme	1 413	1 588	5 313
CONSOLIDATED PROFIT			
Consolidated profit after taxation and State's share of profit of the company and its subsidiary, Free State Saaiplaas Gold Mining Company Limited—after allowing for minority shareholders' interest	38 222	33 912	113 901
SHAFT SINKING			
No. 5 Shaft			
Advance—metres	196.5	60.3	196.5
Depth to date—metres	256.8		256.8
Station cutting—metres	9.3		9.3

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
SHAFT AREA							
Basal reef							
No. 1	377	16	36.3	34.57	1 255	0.20	7.09
No. 2	2 511	438	42.1	29.12	1 226	0.13	5.62
No. 3	596	88	26.8	77.28	2 071	0.72	19.21
No. 4	3 997	682	132.6	18.88	2 503	0.05	6.18
Quarter ended June 1981	7 481	1 224	91.4	21.86	1 998	0.08	6.93
Quarter ended March 1981	7 348	540	114.0	16.12	1 838	0.08	8.83
Nine months ended June 1981	22 602	2 390	89.4	20.91	1 869	0.09	7.69
Leader reef							
No. 1	715	536	110.5	5.96	659	0.09	10.31
No. 2	107						
No. 3	1 446	450	122.4	4.12	504	0.14	17.48
No. 4	84	48	178.1	1.35	238	0.05	9.26
Quarter ended June 1981	2 353	1 034	118.7	4.82	372	0.11	13.39
Quarter ended March 1981	2 194	500	108.1	4.37	472	0.14	15.24
Nine months ended June 1981	6 892	2 272	115.5	4.77	551	0.14	15.70
'A' reef							
No. 3							
Quarter ended June 1981	243	68	122.8	3.32	408	0.13	16.24
Quarter ended March 1981	84	—	—	—	—	—	—
Nine months ended June 1981	427	170	82.6	7.30	603	0.42	34.53
In addition, area under tribute from President Steyn							
Basal reef							
No. 2	255	46	13.3	98.20	1 306	0.87	11.59
No. 3	145						
Quarter ended June 1981	400	46	13.3	98.20	1 306	0.87	11.59
Quarter ended March 1981	305	—	—	—	—	—	—
Nine months ended June 1981	990	52	13.1	93.21	1 221	0.82	10.79
Leader reef							
No. 3							
Quarter ended June 1981	140	82	91.5	3.00	274	0.06	5.42
Quarter ended March 1981	102	28	82.6	2.20	182	0.07	5.40
Nine months ended June 1981	310	110	89.3	2.81	251	0.06	5.41

DIVIDENDS

The interim dividend of 295 cents a unit of stock in respect of the year ending September 30 1981 was declared on April 23 1981 payable to members registered on May 8 1981 and was paid on June 12 1981.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1981 totalled R10 869 000 of which R910 000 was in respect of the metallurgical complex.

FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

Attention is directed to general note 1 below, in so far as it concerns Free State Saaiplaas, the subsidiary of President Brand, which holds a 50.04 per cent interest therein.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

July 24 1981

JOINT METALLURGICAL SCHEME

	Quarter ended June 1981	Quarter ended Mar. 1981	9 months ended June 1981
SUMMARY			
(i) Pyrite flotation plants			
slimes treated—tons	4 739 000	4 693 000	13 958 000
(ii) Uranium plant			
slimes treated—tons	1 579 000	1 563 000	4 634 000
concentrate treated—tons	111 000	115 000	329 000
uranium oxide produced—kg	264 957	276 337	806 847
(iii) Acid plant			
acid produced—tons	66 951	93 820	246 768
(iv) Gold plant			
calcine treated—tons	74 690	83 870	252 732
gold produced—kg	700	778	2 089
(v) Profit—R000's	13 546	12 111	42 590

NOTE

Gold and acid production was lower than the previous quarter because of the annual shut-down for overhaul of the acid plant.

FREE STATE SAAIPLAAS

Free State Saaiplaas Gold Mining Company Limited

ISSUED CAPITAL: 28 100 000 shares of R1 each

	Quarter ended June 1981	Quarter ended Mar. 1981	9 months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	83	70	224
Tons milled 000's	543	515	1 558
Yield—g/t	2.64	2.43	2.51
Production—kg	1 433	1 249	3 907
Cost—R/m2 mined	205.64	216.10	204.93
—R/ton milled	31.43	29.37	29.46
—R/kg produced	11 894	12 111	11 749
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	694	700	2 032
Head grade:			
gold—g/t	0.39	0.35	0.35
uranium—kg/t	0.14	0.15	0.15
sulphur—per cent	0.68	0.64	0.65
PRICE RECEIVED ON SALES			
Gold—R/kg	13 087	12 998	13 832
—$/oz	484	525	550
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	18 675	16 061	53 136
—costs	17 068	15 127	45 904
—Profit	1 607	934	7 232
Joint Metallurgical Scheme profit	318	317	1 016
Net sundry expenditure	433	195	771
Profit before taxation and State's share of profit	1 492	1 056	9 077
Provision for taxation and State's share of profit	—	—	—
Profit after taxation and State's share of profit	1 492	1 056	9 077
Capital expenditure	7 812	6 888	25 419

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Shaft area							
Basal reef							
No. 2	759	—	—	—	—	—	—
No. 3	6 986	472	69.6	17.28	1 203	0.31	21.37
Quarter ended June 1981	7 745	472	69.6	17.28	1 203	0.31	21.37
Quarter ended March 1981	7 569	204	75.3	18.08	1 365	0.36	27.15
Nine months ended June 1981	22 345	830	70.2	17.81	1 236	0.33	23.44
Leader reef							
No. 2							
Quarter ended June 1981	1 487	318	76.3	5.82	444	0.18	14.02
Quarter ended March 1981	913	228	82.7	2.94	243	0.15	12.79
Nine months ended June 1981	3 233	838	100.1	3.44	344	0.17	17.31
"B" reef							
No. 2							
Quarter ended June 1981	43	82	111.3	1.90	212	0.04	4.36
Quarter ended March 1981	95	26	137.7	0.22	30	0.04	4.89
Nine months ended June 1981	306	216	108.9	1.00	108	0.04	4.82

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1981 totalled R 8 929 000.

MINING OF ERFDEEL/DANKBAARHEID AREA. FORMATION OF ENLARGED WESTERN HOLDINGS COMPLEX AND PROPOSED MERGER OF WELKOM GOLD MINING COMPANY LIMITED AND FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

Attention is directed to general note 1 below.

For and on behalf of the board
D. A. ETHEREDGE, G. S. YOUNG — Directors

July 24 1981

WESTERN HOLDINGS

Western Holdings Limited

ISSUED CAPITAL: 7 496 376 shares of 50 cents each

	Quarter ended June 1981	Quarter ended Mar. 1981	9 months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	166	158	491
Tons milled 000's	854	846	2 535
Yield—g/t	7.80	8.00	7.93
Production—kg	6 657	6 764	20 115
Cost—R/m2 mined	171.81	170.92	166.97
—R/ton milled	33.40	31.92	32.34
—R/kg produced	4 284	3 992	4 076
Joint Metallurgical Scheme (See Summary)			
Slimes delivered			
Tons 000's	1 121	1 128	3 290
Head grade:			
gold—g/t	0.45	0.45	0.45
uranium—kg/t	0.08	0.08	0.08
sulphur—per cent	1.07	1.13	1.11
PRICE RECEIVED ON SALES			
Gold—R/kg	13 062	13 065	13 906
—$/oz	484	528	554
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	86 857	89 297	277 375
—costs	28 520	27 006	81 983
—Profit	58 337	62 291	195 592
Joint Metallurgical Scheme profit	1 008	820	3 235
Net sundry income	4 147	7 607	14 265
Profit before taxation and State's share of profit	63 492	70 718	213 092
Provision for taxation and State's share of profit	38 099	41 736	129 074
Profit after taxation and State's share of profit	25 393	28 982	84 018
Deduct:			
Appropriation for capital expenditure			4 833
Dividend—interim			52 475
			26 710
Retained profit for the nine months			8 852
Capital expenditure	4 019	1 849	

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
SHAFT AREA							
Basal reef							
No. 1	1 045	120	46.7	67.43	3 149	0.24	11.42
No. 2	1 062	30	36.3	62.89	2 283	0.09	3.25
No. 3	2 453	504	63.1	10.29	649	0.07	4.24
No. 4	2 407	356	8.3	224.70	1 865	2.26	18.79
Quarter ended June 1981	6 967	1 010	41.0	34.71	1 423	0.25	10.19
Quarter ended March 1981	6 211	696	27.4	64.71	1 773	0.33	9.17
Nine months ended June 1981	19 835	2 192	35.8	51.23	1 834	0.28	9.89
Leader reef							
No. 1	894	372	138.7	2.88	399	0.11	15.87
No. 2	1 274	382	130.5	4.49	586	0.15	20.08
No. 3	843	326	176.0	1.76	309	0.04	7.44
No. 4	156	114	16.2	14.75	239	0.61	9.86
Quarter ended June 1981	3 167	1 194	134.6	3.11	419	0.11	14.35
Quarter ended March 1981	3 302	1 494	122.8	3.31	406	0.13	15.83
Nine months ended June 1981	9 818	3 884	129.0	3.37	435	0.12	16.07
Area under tribute to and developed by Free State Geduld							
Basal reef							
Quarter ended June 1981	62	—	—	—	—	—	—
Quarter ended March 1981	47	22	225.5	1.35	304	0.01	2.69
Nine months ended June 1981	156	64	223.1	1.64	366	0.01	3.20
Leader reef							
Quarter ended June 1981	27	—	—	—	—	—	—
Quarter ended March 1981	41	40	170.2	1.46	249	0.04	6.13
Nine months ended June 1981	141	108	194.3	1.58	307	0.03	5.87

DIVIDEND

The interim dividend of 700 cents a share in respect of the year ending September 30 1981 was declared on April 23 1981 payable to members registered on May 8 1981 and was paid on June 12 1981.

CAPITAL EXPENDITURE COMMITMENTS

Orders placed and outstanding on capital contracts as at June 30 1981 totalled R4 191 000.

MINING OF ERFDEEL/DANKBAARHEID AREA. FORMATION OF ENLARGED WESTERN HOLDINGS COMPLEX AND PROPOSED MERGER OF WELKOM GOLD MINING COMPANY LIMITED AND FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

Attention is directed to general note 1 below.

Attention is also directed to a company announcement published in the press on July 3 1981, relating to the respective lease and tax formulae applicable to the enlarged Western Holdings complex.

For and on behalf of the board
G. LANGTON, G. S. YOUNG — Directors

July 24 1981

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

GENERAL NOTES

1. MINING OF ERFDEEL/DANKBAARHEID AREA. FORMATION OF ENLARGED WESTERN HOLDINGS COMPLEX AND PROPOSED MERGER OF WELKOM GOLD MINING COMPANY LIMITED AND FREE STATE SAAIPLAAS GOLD MINING COMPANY LIMITED

   A joint company announcement was published in the press on June 24 1981, to the effect that the Minister of Mineral and Energy Affairs had given the necessary approval to the granting to Western Holdings Limited ("West Hold") of the relevant mining leases. Accordingly, with effect from July 1 1981, West Hold acquired the undertakings of Free State Saaiplaas Gold Mining Company Limited ("FSS") and Welkom Gold Mining Company Limited ("WGM") as going concerns, in return for the issue to those companies of 3 653 000 and 3 185 000 shares in West Hold respectively.

   On July 3 1981, copies of a Scheme of Arrangement were posted to members of FSS and WGM, which included, inter alia, a notice of Scheme Meeting of FSS to be held on Monday, July 27 1981, at 09h30, as well as a notice of general meeting of FSS to be held immediately following the Scheme Meeting, to approve the Scheme and to give effect to the terms of the Scheme, respectively. In terms of the Scheme, it is proposed that FSS should become a wholly-owned subsidiary of WGM and that 14 050 000 WGM shares be issued to members of FSS, in the ratio of one WGM share for every two FSS shares held.

2. DEVELOPMENT

   Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Transvaal Group's results appear on another page in this newspaper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries.

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

Gold mining companies administered by Anglo American Corporation

All companies are incorporated in the Republic of South Africa.

Transvaal

Reports of the directors for the quarter ended June 30 1981

WESTERN DEEP LEVELS

Western Deep Levels Limited

ISSUED CAPITAL: 25 000 000 shares of R2 each

	Quarter ended June 1981	Quarter ended Mar. 1981	Six months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	191	169	360
Tons milled 000's	798	728	1 526
Yield—g/t	12.10	13.14	12.60
Production—kg	9 656	9 568	19 224
Cost—R/m² mined	226.27	245.89	235.49
—R/ton milled	54.13	57.15	55.57
—R/kg produced	4 472	4 348	4 411
URANIUM OXIDE			
Tons treated 000's	605	530	1 135
Yield—kg/t	0.10	0.09	0.10
Production—kg	58 821	49 014	107 835
PRICE RECEIVED ON SALES			
Gold—R/kg	13 081	12 661	12 877
—$/oz	488	511	503
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	126 686	121 358	248 043
—costs	43 190	41 603	84 802
—profit	83 496	79 755	163 251
Uranium oxide profit	423	1 476	1 899
Net sundry income	2 160	2 174	4 334
Profit before taxation and State's share of profit	86 089	83 405	169 484
Provision for taxation and State's share of profit	31 716	39 822	71 538
Profit after taxation and State's share of profit	54 373	43 613	97 956
Deduct:			
Appropriation for capital expenditure			45 372
*Provision for dividend on 'C' ordinary shares			1 100
Dividend—interim			50 000
Retained profit for the six months			1 514
Capital expenditure	29 749	15 744	45 493
SHAFT SINKING (pre-sinking)			
No. 1 main shaft			
Advance—metres	17	14	31
Depth to date—metres	45	28	45
No. 1 service shaft			
Advance—metres	—	6	6
Depth to date—metres	32	32	32

* The provision is in respect of the accrual of dividends, payment of which will be effected when the 'C' ordinary shares are issued in terms of arrangements outlined in the circular to members dated August 21 1980.

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Carbon Leader Shaft area							
No. 2	3 903	78	18.4	132.55	2 439	1.55	28.45
No. 3	5 014	58	23.6	277.37	6.546	1.26	29.74
Quarter ended June 1981	8 917	136	20.6	203.40	4 190	1.41	29.00
Quarter ended March 1981	8 130	188	21.0	143.33	3 010	1.41	29.54
Six months ended June 1981	17 047	324	20.8	168.51	3 505	1.41	29.31
V.C.R. Shaft area							
No. 2	2 588	—	—	—	—	—	—
No. 3	1 542	—	—	—	—	—	—
Quarter ended June 1981	4 130	—	—	—	—	—	—
Quarter ended March 1981	3 486	38	14.7	51.90	763	—	—
Six months ended June 1981	7 616	38	14.7	51.90	763	—	—

DIVIDEND
The interim dividend of 200 cents a share in respect of the year ending December 31 1981 was declared on July 23 1981 payable to members registered on August 7 1981 and will be paid on or about September 11 1981.

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at June 30 1981 totalled R67 683 000.

PLANNED PRODUCTION
The planned production for the year has been reduced to 3 150 000 tons at a grade of 12.5 grams a ton to produce 39 375 kilograms of gold (previously 3 233 000 tons, 13.5 grams a ton and 43 646 kilograms). The refrigeration plant breakdowns referred to in the previous quarterly report are the main cause of the reduced tonnage forecast.

The lower grade caused mainly by lower values encountered in the high grade Carbon Leader longwalls east of No. 3 shaft is being investigated geologically to assess the longer term implications.

12 PER CENT UNSECURED DEBENTURES 1986/1993—PARTLY-PAID
In terms of the agreement with Western Ultra Deep Levels Limited and Witwatersrand Deep Limited the first half-yearly instalment of R15 000 000 in respect of R60 000 000 of 12 per cent unsecured partly-paid debentures was received on June 15 1981 and the debentures were allotted on that date.

For and on behalf of the board
G. LANGTON, W. R. LAWRIE — Directors

July 24 1981

ERGO

East Rand Gold and Uranium Company Limited

ISSUED CAPITAL: 41 000 000 shares of 50 cents each as at July 15 1981 (previously 40 000 000 shares)

	Quarter ended June 1981	Quarter ended Mar. 1981	Year ended Mar. 1981
OPERATING RESULTS			
Slimes treated—tons	5 033 000	4 825 000	18 607 000
Production			
uranium oxide—kg	81 964	73 641	292 069
sulphuric acid—tons	120 014	110 081	429 607
oleum—tons	7 569	6 287	25 195
gold—kg	1 754	1 710	6 885
PRICE RECEIVED ON SALES			
Gold—R/kg	13 060	13 103	14 466
—$/oz	484	528	588
FINANCIAL RESULTS	R000	R000	R000
Revenue—Gold and silver	22 450	22 337	99 653
—uranium oxide and sulphuric acid	6 468	5 174	27 206
Total revenue	28 918	27 511	126 859
Cost of sales	9 110	8 572	34 365
Operating profit	19 808	18 939	92 494
Net sundry income	582	467	1 429
Profit	20 390	19 406	93 923
Deduct:			
Appropriation for capital expenditure			12 943
Dividend—interim			40 000
—final			40 000
Retained profit for the year			980
Capital expenditure	1 330	1 540	3 839

DIVIDEND
The final dividend of 100 cents a share in respect of the year ended March 31 1981 was declared on April 23 1981 payable to members registered on May 8 1981 and was paid on June 12 1981.

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at June 30 1981 totalled R2 091 000 which includes an amount of R169 000 for the Simmer and Jack project.

ARRANGEMENTS RELATING TO SIMMER AND JACK MINES LIMITED
In an announcement released on June 12 1981 and in the company's annual report for the year ended March 31 1981, details were given of the arrangements for this company to exploit the property of Simmer and Jack Mines Limited. As part of these arrangements 1 000 000 shares in the company, originally due for allotment by not later than June 30 1981, were in terms of a revised agreement allotted on July 15 1981 at par and credited as fully paid to the nominees of Anglo American Corporation of South Africa Limited and companies associated with it, including Anglo American Gold Investment Company Limited.

For and on behalf of the board
H. F. OPPENHEIMER, W. R. LAWRIE — Directors

July 24 1981

EAST DAGGAFONTEIN

East Daggafontein Mines Limited

ISSUED CAPITAL: 3 730 000 shares of R1 each

	Quarter ended June 1981	Quarter ended Mar. 1981	Six months ended June 1981
FINANCIAL RESULTS	R000	R000	R000
Royalties	425	104	529
Sundry revenue	9	35	44
	434	139	573
Deduct: Costs	66	48	114
Surplus before taxation	368	91	459
Taxation—estimated	223	31	254
Surplus after taxation	145	60	205

BONANZA GOLD MINE (PROPRIETARY) LIMITED
In terms of arrangements outlined in an announcement published on May 6 1981, copies of which were posted to all members, the company has acquired 23 per cent of the issued share capital of Bonanza Gold Mine (Proprietary) Limited at a cost of R416 000. In consequence the company may be called upon, in conjunction with other members of Bonanza, to contribute proportionately towards further funds required by that company.

For and on behalf of the board
N. F. OPPENHEIMER, G. LANGTON — Directors

July 24 1981

SOUTHVAAL HOLDINGS LIMITED and THE AFRIKANDER LEASE LIMITED
The attention of shareholders of these companies is directed to the report of Vaal Reefs Exploration and Mining Company Limited.

ELANDSRAND

Elandsrand Gold Mining Company Limited

ISSUED CAPITAL: 96 619 825 shares of 20 cents each (previously 75 484 238 shares).

	Quarter ended June 1981	Quarter ended Mar. 1981	Six months ended June 1981
OPERATING RESULTS			
GOLD			
Area mined—square metres 000's	67	57	124
Tons milled 000's	311	266	577
Yield—g/t	4.64	4.07	4.37
Production—kg	1 445	1 079	2 524
Cost—R/m² mined	216.08	214.30	215.25
—R/ton milled	46.47	46.01	46.26
—R/kg produced	10 018	11 321	10 575
PRICE RECEIVED ON SALES			
Gold—R/kg	13 106	13 003	13 063
—$/oz	484	522	500
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	18 742	13 854	32 596
—costs	14 476	12 215	26 691
—profit	4 266	1 639	5 905
Net sundry income (expenditure)	63	(956)	(893)
Profit	4 329	683	5 012
Capital expenditure	6 707	6 353	13 060
SHAFT SINKING			
Sub-vertical Rock/Ventilation Shaft			
Headgear portion completed—metres	120	—	120
Advance below collar—metres	30	6	36
Depth to date—metres	66	36	66

DEVELOPMENT

	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t
V.C.R.					
Quarter ended June 1981	6 906	866	53.2	13.26	692
Quarter ended March 1981	5 411	354	57.8	20.62	1 192
Six months ended June 1981	12 317	1 220	53.9	15.53	837

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at June 30 1981 totalled R2 765 000.

RIGHTS OFFER OF 21 135 587 SHARES
An announcement was published on May 26 1981 giving the preliminary results of the rights offer to raise R120 475 000. Subscriptions were finally received for 96.3 per cent of the shares offered and the balance was taken up by the underwriters.

CHANGE IN BASIS OF ACCOUNTING
As from April 1 1981 the method of determining capital development expenditure has been changed. For the current quarter this has resulted in a reduction in capital expenditure and a corresponding increase in working costs of R1 690 000.

For and on behalf of the board
H. F. OPPENHEIMER, W. R. LAWRIE — Directors

July 24 1981

S.A. LAND

The South African Land & Exploration Company Limited

ISSUED CAPITAL: 9 182 700 shares of 35 cents each (previously 6 600 000 shares)

	Quarter ended June 1981	Quarter ended Mar. 1981	Six months ended June 1981
OPERATING RESULTS			
GOLD			
Tons milled 000's	366	358	724
Yield—g/t	0.92	1.16	1.04
Production—kg	336	416	752
Production cost—R/ton milled	3.91	3.68	3.80
—R/kg produced	4 262	3 163	3 654
PRICE RECEIVED ON SALES			
Gold—R/kg	12 977	12 824	12 848
—$/oz	481	521	503
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	4 368	5 328	9 696
—production costs	1 432	1 316	2 748
	2 936	4 012	6 948
Less delivered cost of dump material	2 111	2 360	4 471
Gold profit	825	1 652	2 477
Sale of salvaged equipment and scrap	3	3	6
Net sundry income	368	167	535
Profit before taxation	1 196	1 822	3 018
Taxation—estimated	(2)	834	832
Profit after taxation	1 198	988	2 186
Deduct:			
Appropriation for capital expenditure			655
Dividend—interim			1 377
Retained profit for the six months			154
Capital expenditure	856	134	990

ALLOTMENT OF SHARES TO HIPPO QUARRIES LIMITED
In terms of an agreement with Hippo Quarries Limited and Trans-Atlas Limited, details of which were given in the company's 1980 annual report, 202 000 shares in the company were allotted to Hippo Quarries Limited on April 24 1981.

RIGHTS OFFER OF 2 380 700 SHARES
An announcement was published on May 26 1981 giving the preliminary results of the rights offer to raise R13 570 000. Subscriptions were finally received for 93.2 per cent of the shares offered and the balance was taken up by the underwriters.

DIVIDEND
The interim dividend of 15 cents a share in respect of the year ending December 31 1981 was declared on July 23 1981 payable to members registered on August 7 1981 and will be paid on or about September 11 1981.

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at June 30 1981 totalled R5 853 000.

For and on behalf of the board
N. F. OPPENHEIMER, W. R. LAWRIE — Directors

July 24 1981

VAAL REEFS

Vaal Reefs Exploration and Mining Company Limited

ISSUED CAPITAL: 19 000 000 shares of 50 cents each

	Quarter ended June 1981	Quarter ended Mar. 1981	Six months ended June 1981
OPERATING RESULTS			
GOLD			
North Lease area			
Area mined—square metres 000's	314	300	614
Tons milled 000's	1 374	1 375	2 749
Yield—g/t	7.85	7.05	7.45
Production—kg	10 781	9 702	20 483
Cost—R/m² mined	171.82	182.13	176.85
—R/ton milled	39.26	39.74	39.50
—R/kg produced	5 004	5 632	5 301
South Lease area			
Area mined—square metres 000's	154	132	286
Tons milled 000's	724	704	1 428
Yield—g/t	10.45	11.64	11.00
Production—kg	8 610	8 196	16 806
Cost—R/m² mined	195.18	191.20	193.34
—R/ton milled	41.52	35.85	38.19
—R/kg produced	3 491	3 079	3 290
Afrikander Lease area			
Area mined—square metres 000's	—	11	11
Tons milled 000's	—	23	23
Yield—g/t	—	0.24	0.24
Production—kg	—	6	6
The Afrikander Lease area is predominantly a uranium producer and the mining and milling costs are included in uranium production costs.			
Totals for the three lease areas			
Area mined—square metres 000's	468	443	911
Tons milled 000's	2 158	2 100	4 258
Yield—g/t	9.00	8.53	8.77
Production—kg	19 391	17 903	37 294
Cost—North and South Lease areas —R/m² mined	179.50	184.90	182.09
—R/ton milled	39.96	38.42	39.19
—R/kg produced	4 332	4 465	4 395
URANIUM OXIDE			
North Lease area			
Tons treated 000's	1 222	1 308	2 531
Yield—kg/t	0.17	0.19	0.18
Production—kg	211 782	245 111	456 893
South Lease area			
Tons treated 000's	947	881	1 828
Yield—kg/t	0.22	0.23	0.22
Production—kg	207 018	199 099	406 117
Afrikander Lease area			
Tons treated 000's	—	20	20
Yield—kg/t	—	0.32	0.32
Production—kg	—	6 445	6 445
Totals for the three lease areas			
Tons treated 000's	2 170	2 209	4 379
Yield—kg/t	0.19	0.20	0.20
Production—kg	418 800	450 655	869 455
PRICE RECEIVED ON GOLD SALES			
—R/kg	13 077	12 720	12 910
—$/oz	484	514	500
FINANCIAL RESULTS	R000	R000	R000
Gold—revenue	252 217	224 493	476 710
—costs	84 007	79 960	163 967
—profit	168 210	144 533	312 743
Uranium oxide profit	9 319	3 568	12 887
Acid profit	19	16	35
Tribute profit	5 870	5 347	11 217
Net sundry income	2 561	3 886	6 447
Dividend from Southvaal Holdings Limited—interim declared July 1981	10 480	—	10 480
	196 459	157 350	353 809
Deduct: Royalties to:			
Southvaal Holdings Limited	41 130	39 152	80 282
The Afrikander Lease Limited	12	13	25
Profit before taxation and State's share of profit	155 317	118 185	273 502
Provision for taxation and State's share of profit	65 331	54 530	119 861
Profit after taxation and State's share of profit	89 986	63 655	153 641
Deduct:			
Appropriation for capital expenditure (after taking account of consumer loans)			57 420
Dividend—interim			85 500
			10 721
Retained profit for the six months			
Capital expenditure	31 869	26 530	58 399
Consolidated profit after providing for taxation and State's share of profit of the company and its wholly-owned subsidiary Western Reefs Exploration and Development Company Limited	90 263	63 735	153 998

VAAL REEFS—continued

North Lease area	R000	R000	R000
Gold—revenue	140 157	123 235	263 392
—costs	53 950	54 639	108 589
—profit	86 207	68 596	154 803
Uranium oxide profit	5 295	2 288	7 583
Acid profit	19	16	35
Tribute profit	2 743	3 330	6 073
	94 264	74 230	168 494
Capital expenditure	8 443	10 627	19 070
South Lease area			
Gold—revenue	112 060	101 177	213 237
—costs	30 057	25 238	55 295
—profit	82 003	75 939	157 942
Uranium oxide profit	5 043	2 117	7 160
Tribute profit	3 127	2 017	5 144
	90 173	80 073	170 246
Deduct:			
Capital expenditure excluding new South uranium plant	12 797	8 644	21 441
Repayment of loan and interest to Southvaal Holdings Limited	243	243	486
Repayment of consumer loan	2 350	—	2 350
Surplus subject to royalty	74 783	71 186	145 969
Royalty to Southvaal Holdings Limited (55% of surplus)	41 130	39 152	80 282
Capital expenditure	15 805	9 931	25 736
Afrikander Lease area			
Gold—revenue	—	81	81
—costs	—	83	83
—loss	—	3	2
Uranium oxide loss	1 019	837	1 856
Loss	1 019	839	1 858
Royalty to The Afrikander Lease Limited	12	13	25
Capital expenditure	7 621	5 972	13 593

Note: Operations in the Afrikander Lease area resulted in a loss for the quarter and consequently provision has been made for one quarter of the minimum annual royalty of R50 000. The royalty is only payable when the results of operations for the full year have been determined.

	Quarter ended June 1981	Quarter ended Mar. 1981	Six months ended June 1981
SHAFT SINKING (South Lease area)			
No. 9 main shaft			
Advance—metres	88	98	186
Depth to date—metres	2 341	2 253	2 341
Station cutting—metres	259	175	434
No. 9 ventilation shaft			
Advance—metres	182	203	385
Depth to date—metres	1 985	1 803	1 985
Station cutting—metres	407	302	709
(Afrikander Lease area)			
No. 1 incline shaft			
Advance—metres (shaft deepening)	55	5	60
Depth to date—metres	742	687	742

The sliping and equipping of the shaft to its original depth was completed in March and thereafter work commenced on the deepening of the shaft.

DEVELOPMENT

North Lease Area	Advance metres	Sampled metres	channel width cm	gold g/t	gold cm.g/t	uranium kg/t	uranium cm.kg/t
Vaal reef SHAFT AREA							
No. 1	1 764	86	19.8	139.75	2 767	3.60	71.21
No. 2	7 000	554	84.7	27.91	2 364	0.60	50.84
No. 3	2 099	118	16.6	100.18	1 663	3.68	61.06
No. 4	3 665	294	21.8	50.05	1 091	1.77	38.55
No. 5	4 693	684	34.6	52.11	1 803	1.56	53.82
Quarter ended June 1981	19 241	1 736	46.5	40.86	1 900	1.11	51.64
Quarter ended March 1981	18 206	2 014	34.2	57.31	1 960	1.38	47.33
Six months ended June 1981	37 447	3 750	39.9	48.42	1 932	1.24	49.32
V.C.R. SHAFT AREA No. 6							
Quarter ended June 1981	289	32	259.8	1.34	347	0.04	10.18
Quarter ended March 1981	11	—	—	—	—	—	—
Six months ended June 1981	300	32	259.8	1.34	347	0.04	10.18
Areas under tribute to and developed by Hartebeestfontein Gold Mining Company Limited (not included in totals) Vaal reef							
Quarter ended June 1981	1 274	372	98.2	25.48	2 503	0.36	34.97
Quarter ended March 1981	1 185	292	97.1	17.00	1 651	0.37	36.34
Six months ended June 1981	2 459	664	97.7	21.78	2 128	0.36	35.57
South Lease Area Vaal reef SHAFT AREA							
No. 1*	1 560	368	22.2	77.34	1 717	3.61	80.25
No. 3*	5 623	148	13.4	190.82	2 557	4.88	65.37
No. 8	4 577	862	104.2	25.89	2 696	0.26	27.07
Quarter ended June 1981	11 840	1 378	72.5	33.39	2 421	1.14	82.92
Quarter ended March 1981	12 750	1 158	102.3	22.26	2 277	0.75	76.74
Six months ended June 1981	24 590	2 536	86.1	27.35	2 356	0.93	80.10
V.C.R. SHAFT AREA No. 8							
Quarter ended June 1981	189	72	30.8	42.31	1 303	1.67	51.36
Quarter ended March 1981	46	—	—	—	—	—	—
Six months ended June 1981	235	72	30.8	42.31	1 303	1.67	51.36
Area under tribute to and developed by Buffelsfontein Gold Mining Company Limited (not included in totals) Vaal reef							
Quarter ended June 1981	2 402	249	132.4	14.06	1 861	0.53	70.32
Quarter ended March 1981	2 680	228	112.4	14.80	1 664	0.51	57.60
Six months ended June 1981	5 082	477	172.8	14.39	1 767	0.52	64.24
*Development carried out in South Lease area from North Lease area shafts.							
Afrikander Lease Area Dominion reef							
Quarter ended June 1981	1 285	302	74.3	1.17	87	0.82	61.10
Quarter ended March 1981	1 940	346	68.6	1.56	107	0.91	62.35
Six months ended June 1981	3 225	648	71.2	1.38	98	0.87	61.77
Totals Vaal reef (excluding tribute areas)							
Quarter ended June 1981	31 081	3 114	58.0	36.72	2 130	1.13	65.48
Quarter ended March 1981	30 956	3 172	59.1	35.13	2 076	0.98	58.07
Six months ended June 1981	62 037	6 286	58.6	35.89	2 103	1.05	61.74

DIVIDEND
The interim dividend of 450 cents a share in respect of the year ending December 31 1981 was declared on July 23 1981 payable to members registered on August 7 1981 and will be paid on or about September 11 1981.

CAPITAL EXPENDITURE COMMITMENTS
Orders placed and outstanding on capital contracts as at June 30 1981 totalled R45 512 000.

PLANNED PRODUCTION AND CAPITAL EXPENDITURE
The planned production for the year has been increased to 8 600 000 tons (previously 8 000 000 tons) at a grade of 8.4 grams a ton to produce 71 400 kilograms of gold (previously 67 200 kilograms). Capital expenditure for the year is now estimated at R135 000 000 (previously R110 000 000) of which R35 000 000 (previously R33 000 000) will be spent in the North Lease area and R26 000 000 (previously R23 000 000) in the Afrikander Lease area. The chairman's review which accompanied the 1980 annual report referred to the evaluation of the proposal to increase production by 60 000 tons a month by mining the Ventersdorp Contact reef (V.C.R.) from Nos. 6 and 7 shafts. Due to design delays in the uranium section of the Afrikander Lease area plant, this portion of the plant will only be commissioned in the second quarter of 1982, while the gold section will be commissioned during September and October 1981. In order to utilise the available capacity it has therefore been decided to begin mining the V.C.R. at Nos. 6 and 7 shafts as soon as possible and to transport the ore by road to the Afrikander Lease plant. This has now been designated Phase 1 of the V.C.R. project on which approximately R20 000 000 will be spent during 1981.

PRODUCTION FROM THE AFRIKANDER LEASE AREA
Since the beginning of April 1981 the tonnage mined from the Afrikander Lease area has been stockpiled in anticipation of the proposed commissioning of the 50 000 tons per month uranium plant in the second quarter of 1982. Mining will be stopped during the current quarter when sufficient ore for commissioning will have been stockpiled. The deepening of the No. 1 incline shaft and prospect development will however be continued.

For and on behalf of the board
D. A. ETHERIDGE, W. R. LAWRIE — Directors

July 24 1981

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

NOTES

1. DIVIDENDS
Attention is directed to an announcement published in conjunction herewith relating to the declaration on Thursday, July 23 1981, of interim dividends for the year ending December 31 1981.

2. DEVELOPMENT
Development values represent actual results of sampling, no allowances having been made for adjustments necessary in estimating ore reserves.

The Orange Free State Group's results appear on another page in this newspaper.

Copies of these reports will be available on request from the offices of the Transfer Secretaries.

Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent, TN24 8EQ.

LONDON OFFICE: 40 HOLBORN VIADUCT, EC1P 1AJ

UK COMPANIES

Wellman swings into £0.6m loss

IN THE year to March 31 1981 Wellman Engineering Corporation slumped from a pre-tax profit of £1.93m to a loss of £556,000, on increased turnover of £34.66m, compared with £33.01m.

Part of the decline relates to higher interest charges of £405,000 (£112,000) and redundancy costs of £330,000 (£135,000).

At the half year stage this group, evolved in thermal and mechanical engineering, had already incurred a loss of £407,000 (£545,000 profit) while turnover stood at £17.27m (£11.88m).

However, the directors have maintained the year's dividend at 3.35p net per 25p share with a same-again final of 1.75p. The earnings per share are stated at 0.15p (9.16p).

Mr Alan Hopkins, chairman, says that while the company's home markets remain depressed there is some growth overseas. Based on recent orders and the trading outcome for the first three months of the current year the directors anticipate the six months to end of September will be profitable.

At year end the balance sheet was strong with insignificant short term indebtedness he says. The sale of Parnell House funded the loss to March 1981 and reduced overdrafts.

There was a tax credit of £875,000 (£909,000 charge), and after extraordinary credits of £714,000 (£349,000 debits) the attributable amount came out at £733,000 (£734,000).

Current cost adjustments increase the taxable loss to £986,000 (£1.31m profit).

● comment

Wellman Engineering's disposal of Parnell House has funded the maintained dividend, covered the cost of writing goodwill out of the Wigglesworth and Birlec acquisitions absorbed the effects of transferring British Furnaces' production from Chesterfield to Smethwick. Short term debt has been almost entirely eliminated. At the trading level Wellman has turned a £197,000 first half deficit to a £276,000 profit in the second half with some help from Birlec from November onwards. But the main point for the shares, up 4p yesterday to 51p, and which has attracted substantial institutional support in the last couple of years, is the outlook for coal gasification equipment. South African orders are accelerating with plant contracted since about the turn of the calendar year from the local arm of Alusuisse and Southern Cross worth between £2.5m and £3m. But the important U.S. market obstinately refuses to catch light despite an encouraging level of enquiries. So far Wellman has received just one order, at the bottom end of the range, worth some £500,000, from Mansfield Carbon Products. The yield of 9.7 per cent provides some short term support for the share price but the medium term is still a know-how gamble.

Jantar raising £245,000

Jantar is raising £245,000 by way of a one-for-one rights issue of 1.96m 12½p shares at par.

The company, which reported a profit before tax in 1980 of £488,000 (£77,000), is developing UK factoring and metals trading businesses to make up for the decline in its earnings from tin and columbite mining in Nigeria.

The directors intend to recommend a dividend of 1.5p per share on the capital as enlarged by the rights issue and by a proposed one-for-two scrip issue. Last year, a 3p dividend was paid.

The directors are taking up 49 per cent of the rights issue and Mr Edward Nassar, the chairman, is underwriting the balance. Mr Nassar holds a 30.02 per cent stake in Jantar.

The rights issue is offered to shareholders on the record on August 7 and an extraordinary general meeting will be held on August 27 to approve an enlargement of the share capital for the rights and scrip issues. Dealings in both the rights and scrip shares (the crip shares do not qualify for the rights and vice versa) are expected to begin on August 28 and the final date for acceptances is September 18.

Jantar shares have risen from a low of 13p this year to 56p ex-dividend on Wednesday and then to a new high of 42p yesterday.

RESULTS AND ACCOUNTS IN BRIEF

CHUBB AND SON (security systems manufacturer)—Results for year to March 31 1981 reported June 26. Shareholders' funds £83.84m (£73.83m); loans £28.17m (£21.27m); net current assets £42.21m (£33.57m) including short term bank and other borrowings £20.91m (£13.88m); fixed assets £50.51m (£52.61m); pre-tax profit £8.84m reduced to £787,000 by CCA adjustments; decrease in liquid funds £7.13m (£4.61m). Meeting: Hyde Park Hotel, SW, August 12, noon.

WEST COAST AND TEXAS REGIONAL INVESTMENT TRUST—Pre-tax profit for half year to June 30, 1981, £50,918 (£47,535). Tax £22,356 (£21,657). Net asset value per 25p share 39.7p (35p). Board state that net revenue is closely dependent on cost of interest payable on loans drawn down during the period. If borrowings during second half of year are maintained at present levels it is anticipated that net revenue for full year will probably be below that for 1980.

ELECTRIC AND GENERAL INVESTMENT COMPANY—Results for year to May 31, 1981, reported June 24. Investments at market value listed in Great Britain £12.28m (£11.38m), listed outside Great Britain £15.86m (£7.72m). Net current assets £1.73m (£860,164). Shareholders' funds £30.87m (£21.11m), including unrealised profits on investments and currencies £12.47m (£5.01m). Meeting: 11, Austin Friars, EC, August 13, 12.30 pm.

W. L. PAWSON AND SON (clothing group)—Results for year to February 28, 1981, and prospects, reported June 20. Shareholders' funds £4.2m (£6.31m); loans £3.16m (£3.27m); fixed assets £4.23m (£4.88m); net current assets £3.31m (£4.86m); decrease in working capital £2.9m (increase £5.71m); directors emoluments £68,940 (£49,895); auditors' remuneration £70,264 (£55,234). Meeting: 26-28 Great Portland Street, W, August 12, 2.00 pm.

CARDINAL INVESTMENT TRUST—Pre-tax revenue for half year to June 30, 1981, £622,028 (£619,848): tax £219,475 (£231,470): interim dividend, 1.65p (same)—last year's total was 4.5p. Stated earnings per 25p share 2.59p (2.58p): net asset value per share 204.3p (164.5p) prior charges at par, and 208.3p (168.8p) at market value.

DERBY TRUST (investments)—Net income for half year to June 30, 1981, £262,476 (£254,306) after tax of £148,033 (£136,109), etc. Interim dividend 8.889p (8.613p).

EDINBURGH AMERICAN ASSETS TRUST—For six months to June 30, 1981: net income after tax £47,000 (£14,000): gross income £963,000 (£685,000): interest and expenses £801,000 (£580,000): tax £115,000 (£91,000): stated earnings per 25p share 0.1p (0.02p); net asset value per share 131.1p (81.3p). Directors say income growth is not primary objective and the increase should not be taken as an indication of the full year.

ELBIEF COMPANY (manufacturer of handbag frames, leathergoods accessories and picture frames)—Turnover for year to April 30, 1981, £2.71m (£3.3m); net profit £169,870 (£164,765) after tax of £103,000 (£148,300). Final dividend 0.918p (same) for unchanged total of 1.303p. Stated earnings per 10p share 1.41p (1.38p).

INVESTMENT COMPANY—For year to March 31, 1981: dividend per 25p share 1.75p net (1.575p); pre-tax profit £452,357 (£381,353); tax £149,018 (£125,699); minority credits £2,629 (£1,395); exchange loss £20,977 (£7,218); stated earnings per share 4.37p (3.67p). Dividend on £3,720,000 shares waived.

UNITED BRITISH SECURITIES TRUST—Net asset value at June 30, 1981, 240p (183p) per 25p share.

WYNDHAM ENGINEERING (steel fabricator and general machinist)—Pre-tax profit £21,449 (£27,108) for year to March 31, 1981, turnover £387,810 (£316,419), tax credit £1,718 (nil). Dividend per 15p share 1.75p net (same).

EDINBURGH AMERICAN ASSETS TRUST—For six months to June 30, 1981: net income after tax £47,000 (£14,000): gross income £963,000 (£685,000): interest and expenses £801,000 (£580,000): tax £115,000 (£91,000): stated earnings per 25p share 0.1p (0.02p): netasset value per share 131p (81p). Directors say income growth is not primary objective and the increase should not be taken as an indication of the full year.

TRUST OF PROPERTY SHARES—For half year to June 30, 1981 (comparatives for period from incorporation on March 11 1980 to December 31 1980): net revenue after tax £6,861 (£13,422): gross revenue £14,283 (£36,205): expenses £3,855 (£9,588); tax £3,567 (£12,888): stated earnings per 5p share 0.114p (0.224p); net assets per share 12.09p (11.34p), includes the freehold reversionary property at directors' revaluation of £160,000.

YEOMAN INVESTMENT TRUST—Gross revenue for the half-year to June 30, 1981, £650,436 (£678,228). Pre-tax profit £558,735 (£567,264) after administration expenses of £58,905 (£55,743) and interest charges £32,796 (£55,221). Tax £182,024 (£182,531). Attributable profit £376,711 (£384,733). Net asset value per 25p share 168p (142.5p). Interim dividend 2.5p net (equivalent same).

ST ANDREW TRUST—For half year to June 30 1981 net interim dividend 2.50p (same). Revenue £840,416 (£688,415): Pre-tax profit £570,779 (£634,070) after interest £7,762 (£9,333) and management expenses £54,875 (£45,012). Tax £207,160 (£225,395). Attributable £370,619 (£408,675). Earnings per share 3.13p (3.46p). Net asset value 217.2p (178.0p). Directors intend at least to maintain total payment.

BANK RETURN

	Wednesday July 22 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	
Public Deposits	37,917,607	— 102,462
Bankers Deposits	476,090,282	— 133,632,576
Reserve & other Accounts	1,585,663,209	+ 11,065,209
	2,114,224,098	— 122,669,831
Assets		
Government Securities	418,787,026	— 146,470,000
Advances & other Accounts	982,843,684	— 56,288,462
Premises Equipment & other Secs.	697,657,732	+ 89,108,026
Notes	14,670,004	— 8,998,168
Coin	266,652	— 22,345
	2,114,224,098	— 122,669,831
ISSUE DEPARTMENT		
Liabilities	£	£
Notes Issued	10,850,000,000	+ 125,000,000
In Circulation	10,835,329,996	+ 133,998,168
In Banking Department	14,670,004	— 8,998,168
Assets		
Government Debt	11,015,100	
Other Government Securities	9,151,056,605	— 23,758,698
Other Securities	1,687,928,295	+ 148,758,698
	10,850,000,000	+ 125,000,000

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Drake & Scull upsurge to £1.36m at midterm

TAXABLE PROFITS of Drake and Scull Holdings, electrical, mechanical and construction engineer, rose from £804,000 to £1.36m in the half year to April 30 1981 on turnover £14.21m higher at £54.98m.

Although the interim dividend is being maintained at 1.25p net, the directors, "sufficiently confident" of the year's outcome, have forecast a final of not less than last year's 1.5p which was paid from pre-tax profits of £2.17m.

Sir Monty Finniston, chairman, says the group's order book at £160m is slightly down on last year but a number of significant opportunities, both at home and overseas, should enable the group to improve on the situation.

He says the satisfactory level of profit achieved in the first six months was in spite of the continuing difficult economic environment. He adds that the group continued in its main activity to achieve a larger market penetration.

Tax for the half year took £550,000 (£274,000) and minorities £48,000 (£111,000).

After extraordinary credits of £3,000 (£504,000), attributable profit emerged at £766,000 (£923,000)—last year's figure included £475,000 from the sale of property.

Stated earnings per 1p share for the six months were 3.6p (1.8p) before extraordinary credits and 3.7p (4.5p) after.

Drake and Scull Engineering, the group's principal subsidiary in the mechanical and electrical contracting business, is expected to trade satisfactorily during the second half but the manufacturing offshoot, Sturtevant Engineering Holdings, is experiencing difficult trading conditions.

● comment

Drake and Scull has recovered well from the first half setback last year. Pre-tax profits are up by over two-thirds despite a slight fall in interest receivable, a £400,000 downturn in associate income (chiefly as a result of settlement delays in Nigeria) and a £100,000 loss at Sturtevant which was breaking even in the comparable period of 1979-80. So, despite unremitting cost pressures, close attention to overheads and a 35 per cent rise in turnover have helped raise trading margins from just over 1 per cent to 2.6 per cent. A maintained final dividend is now forecast which indicates a near 10 per cent yield at 42½p, up 2½p yesterday for a new annual high. Sturtevant is expected to break even in the fourth quarter this year but the shortening of the order book will cause anxiety unless the group wins its share of some of the big electrical and mechanical engineering projects now available. By the time the new financial year starts in November, Drake will need to have covered about 80-85 per cent of its projected workload with contracts in hand. It only has about 50 per cent to hand at present and admits that the proportion should be a lot higher.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

Interims:—Y. J. Lovell, Westminster Property.

Finals:—K. O. Boardman International, John Brown, Diamond Stylus, Dom Holdings, Howard Tenens Services, Harold Ingram, Sogomana, West Bromwich Spring.

FUTURE DATES

Interims:—

Aaronson Bros.	Aug 11
Lambert Howarth	Aug 27
Nottingham Manufacturing	July 27
Sharpe and Fisher	Sept 3
Smallshaw (R.) (Knitwear)	Aug. 5

Finals:—

Black (Peter)	Aug 6
Witan Investment	Aug 26

W. Ransom lower at £351,780

PRE-TAX profit of William *Ransom and Sons, manufacturing* chemist, fell from £720,325 to £351,780 in the year to March 31, 1981, on higher turnover of £3m compared with £2.61m.

At the half-year stage taxable profits had slipped to £158,000 (£230,000) and turnover stood at *£1.34m (£1.19m).*

However, the final dividend is being maintained at 4.175p net per 10p share, making an increased total of 5.675p (5.602p) for the year.

Tax took £153,665 (£374,373), but there was also a release of deferred tax of £108,210 (£12,920) which brought the attributable figure to £306,325 (£358,872).

Earnings per share are stated at 13.2p (23.07p)—before deferred tax release. Current cost adjustments reduce the taxable profit to £325,076 (£535,551).

Celestion pick up in second half

DESPITE a return to profits in the second half, Celestion Industries, *sound reproduction* equipment and clothing group, ended the April 4, 1981 year £1.04m in the red, against £113,000 last time.

Loss per share is given as 0.8p, compared with earnings of 0.7p, but the dividend is maintained at 1p net.

Turnover improved slightly from £32.1m to £33.07m and the pre-tax figure was after investment dividends, unchanged at £97,000.

At halfway, the loss incurred was up from £141,000 to £1.16m.

Tax figure was a £854,000 credit (£285,000), and the attributable balance came through at £1.6m (£327,000), after extraordinary credits, much higher at £1.79m, against £155,000—surplus on the sale of investments accounted for £2.05m (£330,000) and cost of factory closure was £262,000 (£175,000).

● comment

At 22½p Celestion is capitalised at under £5m. Its stake in Racal (which it bed and breakfasted at the end of the year) alone is worth £6.6m. But Celestion has its problems. Profits from the textile division slipped from *£315,000 to £232,000*—a margin of under 1 per cent. But with around four-fifths of sales going to Marks and Spencer the company is at least assured of a reasonably comfortable customer base if not a very profitable one. The real headache is sound reproduction equipment where losses stepped up from £525,000 to £1.37m last year on sales down a fifth to £6m. Around £4½m of that finds its way overseas and the company's margins have been slaughtered by the strength of sterling. On that front life may now be looking a *little* easier and some pruning of overheads has helped. Nevertheless losses like that are not staunched overnight. The last published accounts showed capital gearing in the region of 75 per cent and since then the overdraft has crept £400,000 higher to £6m.

Scan Data cautious

The holding company Scan Data International, quoted on the Unlisted Securities Market, made pre-tax profits of £58,332 in the half year to the end of May 1981, compared with £22,870 in the *same period last year. Turnover* increased from £1.07m to £1.53m.

Again there is no tax figure for this West Sussex-based company, whose subsidiaries are engaged in the supply of interlinked mini-computer and other hardware. Capitalisation of development expenditure was £198,986, against nil last year.

The directors say that trading conditions are likely to continue to be difficult for some time, but they expect turnover to be substantially higher in the current year. This is reinforced by the *current level of the company's* order book.

"Profit margins are also being affected by the weakness of sterling against the U.S. dollar but the company is hopeful that profits will at least equal those of the previous year."

The directors believe that they are laying the foundation for substantial growth in future years by making their main effort this year in the development *of the company's capability* in the micro-systems range.

● comment

In the three years before it came to the market last November, Scan Data enjoyed a compound profit growth rate of 83 per cent, *and a few months ago the chairman* said that the current year had begun satisfactorily. Now the directors say that trading conditions are difficult and they hold out the prospect of no growth in profits this year. Competition is said to be unusually fierce and development costs of the Onyx microcomputer system have been high. The shares fell 10p yesterday to 145p, compared to the placing price last November of 125p and a peak of 230p. The fully-taxed p/e is about 26.

Romney Trust assets growth

Net asset value per 25p ordinary share of Romney Trust rose 16.1 per cent to 178.1p, as at June 30, 1981, compared with 153.4p at December 31 last.

As reported on July 20 the available revenue for the six months came through slightly lower at £668,335, against £704,243, of which the interim dividend—unchanged at 1.3p net—absorbs £369,468 (£367,480).

The directors state that the figures are the first to be issued since the decision was taken to invest substantially more of the trust's assets overseas, as part of a policy of placing higher priority on capital growth.

They say that the revenue account has "suffered less than might have been expected from the change of policy."

A geographical analysis of the *portfolio in percentage terms* shows: UK 31 (53); North America 42 (36); Pacific Basin 25 (8); other countries 2 (3).

HARGREAVES REISS & QUINN

Lloyd's underwriter Hargreaves Reiss and Quinn has become part of the Edinburgh-based group of Caledonian Produce (Holdings) with effect from July 1981.

Y. J. Lovell £1m at halfway

An increase of 7.9 per cent from £939,000 to £1.01m in *pre-tax profits is reported by Y. J. Lovell (Holdings),* building contractor, for the six months to March 31, 1981. Group turnover advanced from £66.53m to £67.33m, with construction and related activities improving its contribution from £59.43m to £60.56m. Turnover in the timber division fell slightly from £7.11m to £6.77m.

The board expresses satisfaction with the first half results in view of the continuing recession. But while the group has, to date, maintained growth in earnings and assets, future prospects must rely to some extent on improvement in the national economic scene, says the board.

The interim dividend is raised from 2p to 2.25p—last year's total was 7p

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 22, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
[illegible]	[illegible]	[illegible]

Dollar recovers

Dollar renewed its upward trend in the foreign exchange market yesterday, after an easier trend in early European trading on news of a fall in U.S. real gross national product in the second quarter of 1981. Hopes that this may lead to an easing of U.S. interest rates were reversed in the afternoon, however, following comments by Mr Beryl Sprinkel, U.S. Treasury Undersecretary, giving support to the Federal Reserve's policy of tight monetary control. Although this merely underlines the known policy of the Administration, the market reacts very nervously to any remarks about interest rates at present, and the dollar finished around its highest levels of the day.

Sterling was unchanged on balance against major currencies, and moved in line with the general trend to finish weaker against the dollar. There was no strong evidence of intervention by the Bank of England.

European currencies lost ground to the dollar, while the D-mark replaced the lira as the strongest member of the European Monetary System.

DOLLAR — trade-weighted index (Bank of England) fell to 111.5 from 111.6. It rose to DM 2.4455 from DM 2.4410; to SwFr 2.1050 from SwFr 2.1000; to FFr 5.8110 from FFr 5.7975; and to Y234.75 from Y234.50 against the D-mark, *Swiss franc, French franc and* yen respectively.

STERLING — trade-weighted index (Bank of England) was unchanged at 91.8 after opening at 92.1 and easing to 91.8 at noon. The pound opened at $1.8780-1.8710 against the dollar, and touched a peak of $1.8715-1.8725 in early trading. It weakened to $1.8525-1.8535 as the dollar improved, and closed at $1.8550-1.8560, a fall of 50 points on the day.

D-MARK—Strongest member of the European Monetary System but still weak against the *dollar despite central bank support*. A reduction in Germany's large balance of payments deficit later this year, reflecting the better competitive position of German exports, may assist a recovery, although at present the market remains dominated by the high level of U.S. interest rates. The D-mark improved against the dollar at the Frankfurt fixing, but declined against several of its EMS partners. The French franc rose to DM 1.9850 per 100 francs from DM 1.9800, the Italian lira to DM 2.0110 per 1,000 lira from DM 2.0100, and the Irish punt to DM 3.6460 from DM 3.6450. The Belgian franc rose to DM 6.1050 per 100 francs from DM 6.1040, keeping the Belgian unit off its EMS floor. The Belgian National Bank reported spending BFr 8bn to defend the franc last week but was not clear whether support was required yesterday. The Bundesbank probably did not intervene in the open market but sold $19.8m when the dollar fell to DM 2.4413 from DM 2.4470 at the fixing. In the late afternoon the U.S. currency improved to DM 2.4425.

ITALIAN LIRA—One of the stronger members of the EMS since its devaluation earlier this year. The lira has suffered in line with other currencies against the dollar, falling to a record low against the U.S. unit. The lira gained ground against most major currencies at the Milan fixing, including the dollar, sterling, Swiss franc and Japanese yen. The dollar fell to L1,213.95 from L1,217.45, but recovered slightly to L1,215 in the afternoon. The pound fell to L2,254.70 from L2,261, but also improved, to L2,255.5 after lunch. Within the EMS the French franc fell to L208.72 from L208.82, the Danish krone to L159.00 from L159.11, and the Irish punt to L1,812.50 from L1,814.50. On the other hand the D-mark, Belgian franc and Dutch guilder rose against the lira at the fixing.

THE POUND SPOT AND FORWARD

Belgian rate is for convertible francs. Financial franc 75.35-76.45. Six-month forward dollar 3.95-4.00c dis, 12-month 5.55-5.75c dis.

THE DOLLAR SPOT AND FORWARD

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

EMS EUROPEAN CURRENCY UNIT RATES

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 11,831-11,851 and for the dollar 6,365-6,385. *Selling rate.

EXCHANGE CROSS RATES

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 23)

3 months U.S. dollars		6 months U.S. dollars	
bid 19 1/8	offer 19 1/4	bid 18 15/16	offer 18 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

MONEY MARKETS

Rates steadier

Bank of England Minimum Lending Rate 12 per cent (since March 10 1981)

The recent rise in short term interest rates came to a halt in London yesterday as the Bank of England continued in its attempt to stabilise the level of bank base rates at a tolerable level. One week interbank money was quoted at 13½-13¾ per cent compared with 13-13¼ per cent on Thursday while the overnight rate was confined to a range of 11-13 per cent apart from small balances towards the close which commanded 15 per cent. Once *again* the Bank's assistance to the market was given in the form of interventions especially as the level at which the Bank intervened was at the upper end of market tenders.

The shortage of day to day funds was met with purchases of a small amount of Treasury bills and local authority bills and a moderate amount of eligible bank bills by the authorities, totalling moderate. The bills were bought in the morning at 12½ per cent for outright maturity dates varying between seven and 14 days. Discount houses paid between 11½ per cent and 12 per cent for secured call loans during the day. The market was faced with the unwinding of a previous sale and repurchase agreement, involving a large number of bills and banks brought forward balances a small way below target. On the other hand there was a moderate excess of Government disbursements over revenue transfers to the Exchequer.

In New York the Federal Reserve Bank continued its recent intervention by adding reserves through four-day repurchase agreements. At the time that the Federal authorities increased market liquidity Federal funds were quoted at 20 per cent. At the latest U.S. auction of two-year Treasury bills, the $4¼bn on offer attained a record yield of 15.92 per cent.

In Paris call money remained at 18⅜ per cent while longer term rates showed a firmer tendency. Three-month money rose to 17⅞ per cent from 17⅜ per cent and the six-month rate was higher at 16⅞ per cent compared with 16⅝ per cent. The Bank of France announced its intention to a Treasury bill auction on July 27, involving FFr 2bn of three-month bills and a similar amount of six-month bills. The previous auction on July 21 showed yields of 18.60 per cent for three-month and 18.21 per cent for six-month bills.

In Amsterdam money market rates were sharply firmer, reflecting the continued tight monetary stance adopted by the authorities to defend the guilder. Call money was quoted at 13-14 per cent with dealers speculating that, in the absence of further cash injections into the system, call money could touch 16 per cent today. Further funds would ease the situation and so yesterday there was considerable uncertainty in the market.

MONEY RATES

LONDON MONEY RATES

GOLD

Slight fall

Gold fell $3½ to $406-408½ in the London bullion market yesterday. It opened at $408-410 and was fixed at $410.50 in the morning and $407.75 in the afternoon. The metal touched a peak of $410½-412, and closed at the lowest level of the day.

In Paris the 12½ kilo gold bar was fixed at FFr 88,800 per kilo ($475.30 per ounce) in the afternoon, compared with FFr 87,500 ($470.03) in the morning, and FFr 88,800 ($474.36) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,160 per kilo ($410.97 per ounce), against DM 32,460 ($410.50) previously, and closed at $407-409, compared with $410½-412½.

In Zurich gold finished at $407-410, against $410-413.

THE PROPERTY MARKET BY MICHAEL CASSELL

Merchant Navy buys into 'sun belt'

THE Merchant Navy Officers Pension Fund is the latest UK investing institution to take a stake in the United States' property market.

The U.S. property market is not perhaps looking as gold-plated as it once was, with growing ranks of pundits suggesting that the time is right for an extra dose of caution in considering investments on the other side of the Atlantic.

For those intent upon going ahead, real estate investment trusts are seen by outsiders, anxious to buy their way into an established U.S. property operation, as a suitable vehicle for widening their portfolios. Good ones are not, however, particularly easy to find and, once located, they can put up a fairly fierce fight, as the National Coal Board funds found out in the recent attempt to win control of Connecticut General.

The Merchant Navy fund appears, however, to have found a friendly ally to assist in its modest North American ambitions. It has paid $11.9m for 30 per cent of Cleve Trust Realty Investors of Cleveland, Ohio, which has gross assets of about $57m. The price paid via a private placement equates to $14 a share against a market price of under $13. With a net asset value of around $18½, the fund seems more than happy.

Cleve concentrates primarily on office investments, though it also holds some land as well as retail and residential units. The funds raised by the sale will be ploughed back into office and retail acquisitions. The trust is well represented in the so-called "sun states" and has property in locations like Dallas, Denver, Charleston and Tulsa.

The share stake represents the first overseas move for the Merchant Navy fund, which now stands at around the £500m mark and has about 20 per cent of its assets in property.

According to Geoffrey Musson, the fund's investment manager, talks with Cleve started in March after it had dismissed other alternatives like direct investment or participation in a comingle fund.

"We took the decision to go to the U.S. at the start of the year and Cleve seems an ideal way of beginning. We have a small staff and believe the way we have chosen is the most sensible option. We will see how things go but we hope that our modest start will be a foretaste of more to come." The fund does not intend to alter its 30 per cent stake—making it the Cleve shareholder—for at least five years.

In the UK, the Merchant Navy fund has had an active two years, with the retail sector figuring predominantly in its plans. Recent investments include properties in London's Arlington Street.

Boost for Bristol

THE DECISION by Hewlett-Packard, the California-based electronic instrumentation and computer systems group, to build a £25m production plant at Bristol is expected to provide a major boost for the local property market.

The announcement that the group will be building on 40 acres of a 165-acre site close to Bristol's Parkway Station comes after a painstaking search throughout the UK and Europe for a suitable location and the decision is being seen as an immense shot-in-the-arm for a regional industrial and warehousing market which is anxious to establish itself as a centre for high-technology industry.

Few onlookers will be more delighted than Electricity Supply Nominees which is funding Aztec West, a 150-acre office and industrial complex close to the Almondsbury interchange on the M4 and M5 motorways, known as Aztec West.

The industrial property market has known better days and ESN could be forgiven for thinking that the task of finding tenants or owner-occupiers might represent an uphill struggle for the time being, but Hewlett-Packard's decision will not do them any harm. Aztec West will ultimately provide about 2m sq ft of floorspace—roughly 1½m sq ft of industrial and the balance taken up by offices—and the first phase of 180,000 sq ft should be complete early next year.

Investment re-think needed

THE NEED for institutions to revise some of their thinking on commercial property investments in the light of recent changes in the market place is clearly underlined by a new piece of research published this week by Richard Ellis.

This shows that an important ingredient in rising capital values of commercial premises has been the institutions' willingness in the past to accept sharply reducing investment yields on shops, offices and factories. This may no longer be the case, with yields now apparently at rock bottom levels.

In its property market indicators survey, Ellis attempts to evaluate the impact of various forces—movements in market rents, equated yields and approach of rent reviews—which have continued to push up capital values of institutional property portfolios even during the recession.

The agents have used actual valuations carried out on behalf of institutions—628 properties from 27 portfolios for example were used in 1980-81—to compute average movements in property values since March 1978. This shows that in the past three years annual increases in office capital values have been 20 per cent, 14.2 per cent and 12.4 per cent.

But the most interesting aspect of the Ellis report is the agents' calculations of how these rates of growth have been achieved. For example, around 45 per cent of the 20 per cent increase in office values in 1978-1979 was thought to have been due to sharply falling investment yields with institutions prepared to pay higher prices for a reduced supply of prime office investments.

However, the most recent survey, covering the 12 months to March 1981, shows that over the 190 office properties measured this time there was a slight rise in equated yields which restricted growth in capital values to 12.4 per cent. After adjusting for inflation, capital values in fact showed a 0.2 per cent decline.

Similar calculations have been made for shops and industrial properties, and only in the case of retail premises have further falls in yields helped improve capital performance.

Iain Reid, an associate partner at Richard Ellis, warns institutions against paying too much attention to capital rather than income performance. "It would be a mistake to allow judgements to be clouded by some of the exceptional capital gains seen in the past—without taking into account how that growth has been generated."

He says that institutions must become more aware of the likely rates of return on their investments and perhaps look for locations which may have performed less well in the past but which are now reaching a point when a significant uplift in rents is due. The conservative approach of some institutions has meant that investment in these types of locations had often only been made after rental recovery had occurred.

Andrew Taylor

TAYLOR WOODROW INDUSTRIAL ESTATES is to carry out its first project in Wales—a £5m industrial and warehouse development at the former Excelsior works in Cardiff. The freehold of the 11¾-acre site was acquired from Bridons, the British Ropes subsidiary. The site has planning permission for 158,500 sq ft of industrial and warehouse space. Herring Son and Daw and David Little acted for Taylor Woodrow.

● Wyndham Investments, the property holding company for Allied Breweries Pension Funds has paid £1.3m for a 35,700 sq ft warehouse and industrial development at Welwyn Garden City, Hertfordshire. The scheme developed by the Commission for the New Towns currently produces an annual income of around £93,000. Two units of 6,550 sq ft and 5,810 are still available at the development. Agents Debenham Tewson and Chinnocks acted for Wyndham.

● Glaxo Trustees has acquired the freehold of Oakfield House—a 24,700 sq ft office building in the Clifton area of Bristol—for just over £1m.

Norwich Union gets Ipswich scheme

NORWICH UNION has emerged as the partner to join the borough of Ipswich in long-standing plans to redevelop the town centre.

The proposed schem is likely to provide 250,000 sq ft of new shopping facilities, an open market and 500 parking spaces in a centre which badly needs improvement. The project is expected to cost over £20m.

Although plans to inject a new lease of life into the middle of Ipswich have been around for many years, Norwich Union's involvement is a much more short-lived affair. Only last week, NU put its broad proposals to the council and, having been told it would have to wait several weeks for a response, was told within 48 hours that it had been nominated.

In winning approval, NU managed to fend off alternative plans from English Property Corporation, Wimpey Property Holdings, Town & City, Neale House Investments and Capital & Counties. Competition for the job has, not surprisingly, been intense, with town centre redevelopment schemes with any potential becoming progressively harder to locate. The amount of floorspace opened up last year in major new shopping schemes—at an estimated 2.9m sq ft gross—reached its lowest level for 12 years.

Although the preferred developer has now been chosen, just about everything else concerning the scheme remains to be worked out. The council's brief merely calls for facilities to meet the substantial demand from retailers for stores and other primary shops, adequate car parking and a market for around 60 stalls.

One of the first obstacles to be overcome involves land assembly. It is understood that the council only owns about one-third of the site required for the redevelopment and a sizeable "gathering in" operation will now have to start.

Before land assembly begins, however, the development partners will embark on a feasibility study. The overall timetable is still uncertain but completion could be by the end of 1984.

Success at Ipswich means another shopping centre scheme under NU's belt and its track record for this type of scheme—along with readily available finance—no doubt helped make up the minds of the local councillors.

The insurance group is well advanced with its £25m Queensgate centre at Peterborough and is also working on a £31m town centre scheme at Bexley as well as another in Enfield, north London. All three are being done on a partnership basis with the local authorities concerned. Advisers on the Ipswich scheme are Hillier Parker.

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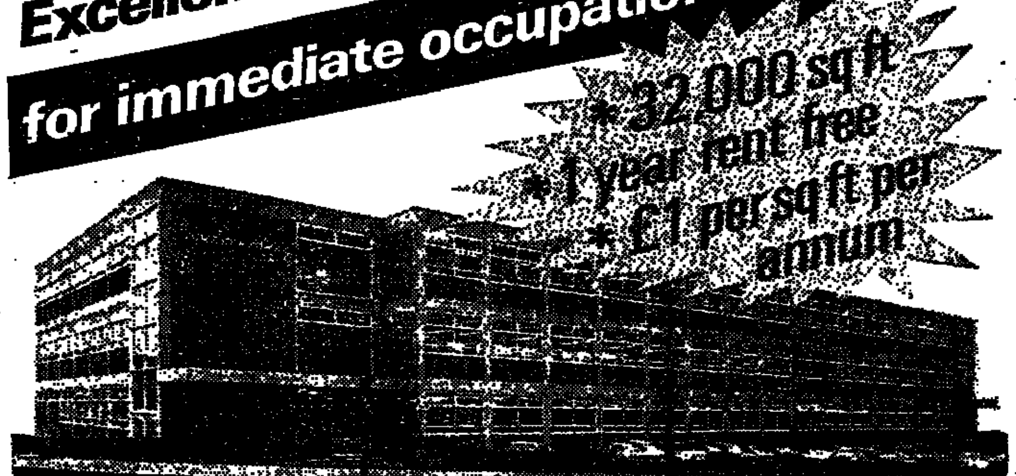

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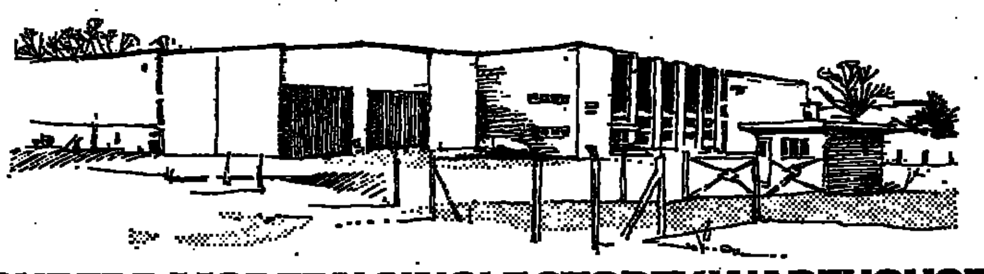

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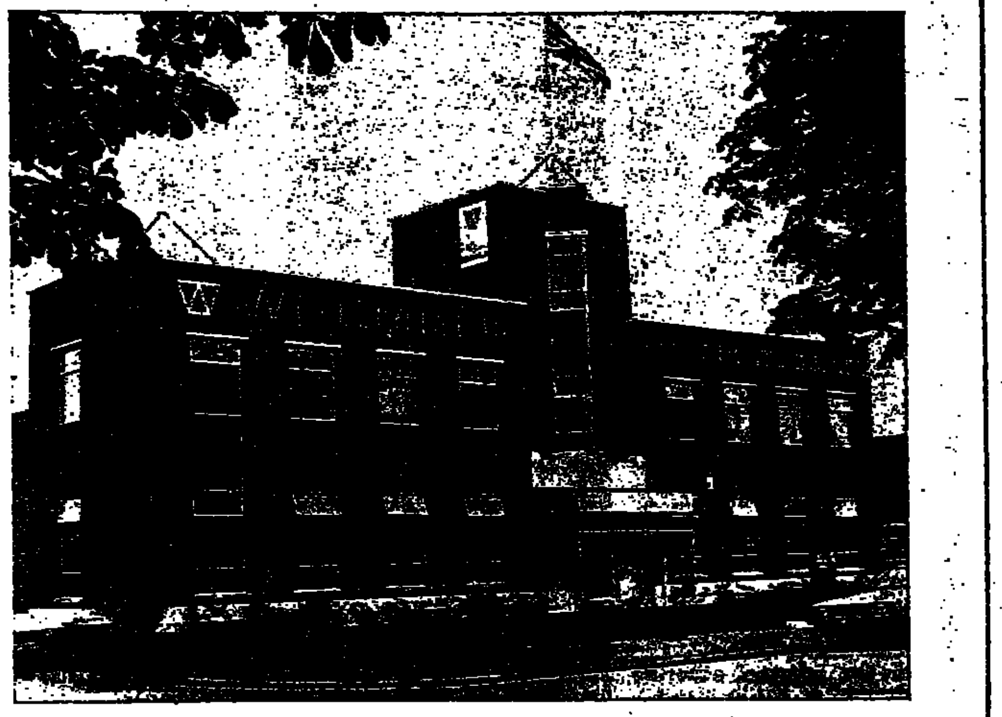

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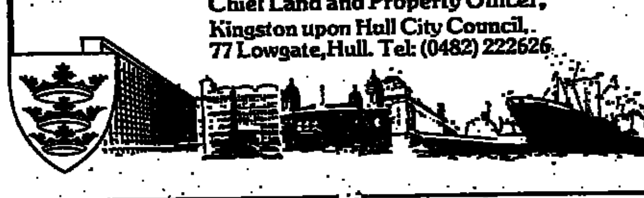

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 5th Annual General Meeting of Save & Prosper Dollar Fixed-Interest Fund Limited will be held at Dolphin House, Colomberie, St. Helier, Jersey, Channel Islands on Thursday, 8th October, 1981, at 12.15 p.m. for the following purposes, namely:

1. To receive and consider the Reports of the Directors and of the Auditors and the Consolidated Statements of Accounts for the year ended 31st May 1981.
2. To confirm the interim dividend payments to holders of participating shares of US$27 and US$38 per hundred shares on 15th January 1981 and 15th July 1981 respectively.
3. To re-elect Mr. W. N. Rimell as a Director of the Company.
4. To re-elect Mr. J. D. Campbell as a Director of the Company.
5. To re-elect Mr. D. M. Maitland as a Director of the Company.
6. To confirm the payment of Directors' fees of US$5,000 in all.
7. To reappoint Coopers & Lybrand as Auditors at a fee to be agreed by the Directors.
8. To transact any other business of an Annual General Meeting.

By Order of the Board, SAVE & PROSPER (JERSEY) LIMITED Secretary

7th July 1981.

A Member entitled to attend and vote at this Meeting may appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a member of the Company. Proxies must be lodged at the Company's Registered Office at least forty-eight hours before the Meeting.

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The amount remaining outstanding from September 15th, 1981 on will be Lux. Fcs. 300,000,000.

BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme

Luxembourg, July 24th, 1981.

GRANGES AB

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24th July, 1981

ANNOUNCEMENTS

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PUBLIC NOTICES

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The copyright Green Paper has caused a furore. **Ivo Dawnay** reports

The record industry draws another blank

"WE ARE waiting for a new Messiah," said a South London record shopkeeper. "He'll come—that's for sure—but the question is: how many of us will be around to welcome him?"

Since the fat days of the 1960s and early 1970s when four young Messiahs from Liverpool triggered a boom in British record sales, it has seemed more as if the industry has been kicking its heels.

A brief upturn inspired by the astounding success of the Bee Gees' Saturday Night Fever and Grease albums (each selling more than 20m copies) provided the only cheerful hiccup in a trend that has travelled inexorably downwards. Last week another saviour, in the form of Government support for a royalty levy on blank tapes, failed to materialise, casting record manufacturers and retailers into still deeper gloom.

With the industry suffering from a flood of cheap imports, escalating recording and marketing costs, lower profit margins and hundreds of small records shops going to the wall, only the tiny independent companies, boosted by the profusion of cult bands, seem to have found a silver lining amid the storm clouds.

The furore that greeted the copyright Green Paper was fuelled by a stark decline in record sales and an equally dramatic rise in the fortunes of the cassette tape boosted by illegal home recording of copyright materials.

Latest figures put out by the British Phonographic Industry (BPI), the record business's watchdog, show that deliveries of 45 rpm singles to the retail trade plunged by 12.7 per cent last year. The much more lucrative LP market, which accounts for 80 per cent of record companies' profits, lost 13.7 per cent of its sales in 1979 and a further 9.6 per cent last year. Total LP sales in 1980 amounted to just 67m compared to 112m in 1975.

Undoubtedly the main beneficiary of the downturn has been the tape market. Sales of pre-recorded cassettes have been the one bright spot for the record industry, growing by 14.2 per cent to just under 6m units last year—but this is a mere trifle beside the figures for blank cassettes.

According to BPI market research, these have increased by 16 per cent to 69m units, costing the industry anything up to £1m a day in lost sales. The tape manufacturers vigorously deny this finding, claiming that 1980 turnover fell to 38m units though this year sales are up.

It was the difficulty in quantifying the record industry's losses caused by home taping that was one of the principal reasons for the Green Paper rejection of the levy, despite an earlier recommendation by the Department of Trade's Whitford Committee that a charge should be introduced.

The paper enflamed the record business still further with the suggestion that the "industry will have to reconcile itself to a situation where its revenue comes mainly from broadcasting or other public performances."

BPI chairman Mr Chris Wright, dismissing the paper as a "cop-out," pointed out that the Government's view could badly misfire. "The vast majority of our broadcasting revenues comes from the BBC," he said. "If we up the charges, the taxpayer will have to pay."

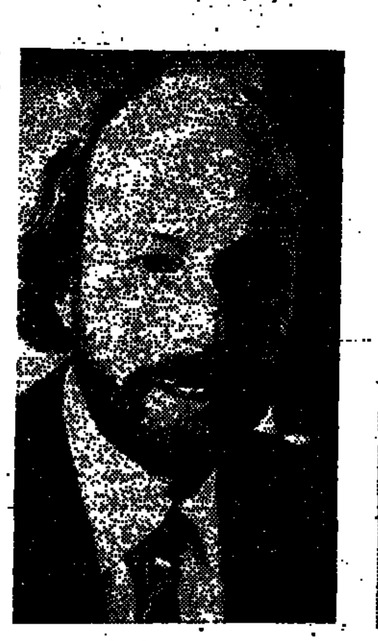
Home taping is only one of the fronts on which the record industry is fighting for survival. The rapid increase in cheap imported records is nearly as great an area of concern.

Though production costs remain more or less uniform worldwide, differences in taxation and the recent high exchange rate for sterling have fostered a huge rise in imports which are expected to take as much as 30 per cent of the market by the end of this year.

The North American—and particularly Canadian—problem should be containable. Most UK-based record companies licensing to U.S. and Canadian labels ensure that, for the initial weeks at least, new releases are allowed a clear run in the UK market.

The international majors like the American-owned CBS and WEA and the German-Dutch Polygram (owned jointly by Siemens and Philips) have the option of gambling on simultaneous releases on both sides of the Atlantic, though damage to their UK subsidiaries is often the price they have to pay.

What cannot be halted is the inflow of cheap back catalogue material, often as much as £2.50 less than UK prices, and the dumping of albums which retailers have failed to clear in the U.S.




Chris Wright (left) and The Specials: their Ghost Town is top single this week

In Europe, EEC regulations forbid import restraint, and the situation is worsened by the disparity in VAT—33⅓ per cent on records in several EEC countries — which lends an added incentive for continental wholesalers to ship, or even fly, British releases back to the home market.

The temptation for the smaller retailers to take advantage of low cost imports has never been greater. While the large chains like HMV (a subsidiary of Thorn-EMI), Virgin and Our Price as a matter of policy refuse to carry imports, they are compensated by the record companies with substantial discounts on bulk purchases.

The abandonment of recommended retail prices, all round price cutting and the consequent squeeze on retailers' margins, down from as much as £2 an album three years ago to as little as 62p today, is killing off the UK's 4,000 independent shops at the rate of 15 per cent a year, leaving the way clear for large chains and high street multiples.

Virgin Records last month announced plans to open 16 more shops and made a blanket offer to discuss franchising with independents who can't keep pace. Our Price, a London and South-East chain, recently acquired Harlequin Records' 41 shops for a knockdown £1.1m and are planning an expansion into video cassette leasing.

Mr James Tyrrell, former finance director at EMI and now chief executive of the HMV stores, forecasts further rationalisation. "In the past the quality of management has left a lot to be desired," he admits. "But an awful lot of deadwood has been cleared out now—at last the business is going professional."

Part of the decline in UK sales abroad is due to the current cultishness of British music. This week's number 1 in the singles chart is Ghost Town, a bleak portrait of life in Britain's provincial cities by the Coventry-based ska band, The Specials. Mr Wright, who distributes the group through his Chrysalis label, welcomes their success, but points to the more mainstream Blondie and Leo Sayer as the modern industry's life line for the future.

"Ultimately, the problem is that the new British bands are singing about unemployment and depression which makes no sense to the white audience in California and Australia where they're still singing about teenage romance.

"In a way British music is too advanced for the rest of the world."

An alternative view is that this provincialism is actually the brightest area in the British industry, generating a bedrock of new bands to fill the gap for those who tire of the saccharin sweet Abba and Barry Manilow.

Spartan Records—not a label but a presser and distributor for over 100 mini-record companies—has thrived on the profusion of small town talent, lifting turnover from nothing to £6m in three years.

The majors welcome this new departure, quietly confident that if their small rivals find a new Messiah—a massive new act—he or she will easily be persuaded by their superior facilities and international connections to come to terms.

In the meantime the industry, fitter after labour cuts amounting to some 35 per cent over the last two years, hopes that the new technologies of video disc and digital recording will revive their flagging balance sheets. Waiting for the new Beatles is no longer considered a practical option.

APPOINTMENTS

Senior executives at Rawlplug

Following the re-establishment of the RAWLPLUG COMPANY as an international organisation within the Burmah group, Mr Norman Burden becomes chief executive of Rawlplug, Mr John Newens marketing director, Mr Nigel Young international director, and Mr Jack Benson UK sales director.

★

Mr Charles Rawlinson, vice-chairman of Morgan Grenfell and Co., is joining the board of WILLIS FABER. Mr F. K. Thomson has also been appointed a director of Willis Faber and Mr K. M. Grafton-Grattan has become an executive director of the international division of Willis Faber and Dumas.

★

LIN PAC CORRUGATED CASES has appointed Mr Robert A. Lang a director. Mr Lang joined Lin Pac in July 1980, as regional manager with responsibility for the company's plants in Louth and Erith.

★

Mr J. N. Davenport and Mr J. McIntyre have joined the Board of MIM HOLDINGS. Mr Davenport has been managing director of Monier since 1970. Mr McIntyre has been a director of the MIM subsidiaries, Copper Refineries Pty and Townsville Transport and Services Pty since 1980.

★

AYR VIEWDATA has appointed Mr D. M. Ross as financial controller.

★

Mr G. T. Morgan, chief executive of MARRYAT JACKSON NORRIS, has been appointed chairman following the resignation of Mr O. Powley. Mr Morgan joined Norris Warming in 1938, the company subsequently being merged with Marryat and Place and Jackson Mechanical Services to form Marryat Jackson Norris in 1974.

★

The WATERGLADE JASTA GROUP states that Mr George Lopes has been appointed a non-executive director. Mr Peter Bromley Wilson, formerly the company's chief development surveyor, has also been appointed to the Board and will continue to be responsible for the acquisition of new development schemes.

★

Mr Andrew Hall has been appointed a director of INTEL PORTFOLIO MANAGEMENT and INTEL FUNDS (MANAGEMENT).

★

Mr Ian Howard has been appointed financial director for the WESTAIR Group of Companies, part of Neil and Spencer Holdings.

★

Mr Bernard Day has been elected to the Board of the ECCLESIASTICAL INSURANCE OFFICE.

★

The NATIONAL COAL BOARD has appointed Mr John Northard, at present director of its North Derbyshire area, to be director of the Western area, succeeding Mr Raymond Hunter, who is retiring. Mr Kenneth Moses, deputy director-general of mining and director of planning and major projects at the Board's London headquarters, is to take over as director of the North Derbyshire area. Both appointments are effective from September 1.

★

Mr Asil Nadir and Mr Anil Doshi have joined the board of CORNELL DRESSES as executive directors. Both are directors of Polly Peck (Holdings).

★

Mr D. Mearns Milne and Mr A. M. Milne have joined the board of CHARLES HILL OF BRISTOL as chairman and chief executive respectively. Mr A. Breeze, Mr D. Barkway, Mr I. Elliot and Mr F. O'Hara have also been appointed to the board. Mr R. Hill, Mr J. C. G. Hill and Mr R. B. Stoker have resigned as directors.

★

Mr J. R. Parry has been appointed secretary of the BRITISH ELECTRIC TRACTION COMPANY following the retirement of Mr N. L. H. Smith.

INTERNATIONAL COMPANIES and FINANCE

Brascan tries again to win Noranda

BY ROBERT GIBBENS IN MONTREAL

BRASCAN, the major Canadian resource, consumer products and financial services group controlled by the Peter and Edward Bronfman interests, is making another bid for Noranda Mines, the resource group. It is taking an agency of the Quebec Government, for some time a substantial shareholder in Noranda, as its partner.

The Bronfman brothers tried to get control of Noranda two years ago, shortly after they had acquired Brascan.

However, the Noranda management quickly restructured its capital and the major holdings owned by its associates, and successfully headed off Brascan.

Now Brascan and the Caisse de Depot et Placement, which invests Quebec public sector and quasi-public pension fund contributions, have jointly formed Brascade Resources, owned 70 per cent by Brascan and 30 per cent by the Caisse.

Last year, the Quebec Government of Mr Rene Levesque took control over the Caisse in a top-level shuffle of personnel. Up to that point, the Caisse had had considerable autonomy over its investment decisions. The present decision to join the Bronfmans in Brascade clearly has the approval of Mr Jacques Parizeau, the Quebec Finance Minister.

Brascan and the Caisse will put their existing Noranda shareholdings into Brascade, amounting to about 28 per cent of Noranda's issued stock. Then they will invest a further C$600m (US$500m) in Brascade equity. Brascade, supported by a C$1bn bank credit now being negotiated, will then offer C$36.25 per share for up to 20m Noranda shares for a total of C$725m.

Brascade will also offer C$109 per share for up to 1.8m Noranda convertible preferred for a total of C$200m.

Noranda shareholders tendering their stock would get cash or equivalent value in Brascade convertible preferred.

If all the Noranda shares sought are acquired, Brascade would own almost 40 per cent of Noranda's equity and would be the largest single stockholder unless Noranda management makes further avoiding moves.

Brascade's cash offer is pitched at a major premium over Noranda's market price and reflects Noranda's long-term potential. Earnings this year are being severely depressed by poor metal prices.

Penn bids $1.4bn for Colt Industries

By Our New York Correspondent

PENN CENTRAL and Colt Industries, both diversified industrial companies, last night unveiled the $1.4bn value and other details of their previously announced merger plan.

Penn is to offer $100 for Colt's approximately 13.9m shares in a mixture of cash and securities. A maximum of 40 per cent will be acquired for cash. The remainder will be exchanged for a package of Penn preferred stock and common stock.

Penn's offer price represents a hefty premium of about 60 per cent over the recent trading price of Colt stock.

Mr Richard Dicker, Penn's chairman, said the merger would provide Penn "with a unique opportunity to expand and strengthen its industrial manufacturing base and to participate more intensively in the coming growth of the nation's productive capacity." He pledged that Colt would continue to operate as an integral unit.

Colt's products include specialty steels, industrial and power equipment, fluid control systems and firearms. Last year it earned $98m, or $7.38 a share, on sales of $2.2bn.

3M income cut

STRENGTH OF the dollar and continuing currency charges have depressed second quarter profits at Minnesota Mining and Manufacturing, the diversified U.S. group. The directors state that the prospect of higher earnings for 1981 is "less assured" than when the company made a higher net forecast earlier this year.

Second quarter earnings fell 14 per cent, from $157.3m, or $1.34 a share, to $135m or $1.15 a share on sales up from $1.25bn to $1.66bn.

This lowered first-half profits by 14.5 per cent from $324.6m to $277.7m on sales of $322bn this year against $3.01bn

Gulf Oil earnings fall by 34% in second quarter

BY OUR FINANCIAL STAFF

GULF OIL yesterday reported that its earnings for the second quarter fell 34 per cent to $311m or $1.59 a share from a year earlier, although last year's results included a $100m gain on the sale of 10m shares in Gulf Canada. Revenue for the quarter moved up from $6.79bn to $7.2bn.

Lower results for the second quarters were also announced by Occidental Petroleum. Net earnings fell from $161.1m to $128.2m on sales of $3.1bn against $3bn.

The board blamed a loss of $32.6m in its coal division on a 10-week strike. Lower profits in the oil and gas divisions were due to narrowed margins or losses on sales of Libyan crude oil.

Standard Oil of Ohio, which is 53 per cent-owned by British Petroleum, managed to edge ahead in the second quarter. Earnings increased by 6 per cent, from $451.3m or $1.83 a share to $478.7m or $1.94 a share on sales just 3.5 per cent up from $2.8bn to $2.9bn.

OIL GROUP BIDDERS JOSTLE FOR POSITION

Conoco shareholders watch the clock

Paul Betts looks at some intriguing aspects of Wall Street's biggest takeover battle

THE MULTI-BILLION dollar takeover battle for Conoco, which is transforming Wall Street into a giant street brawl, is reaching a climax.

With the deadlines for the competing offers by Mobil, Du Pont and Seagram closing in, the bidders for Conoco, their investment bankers and their lawyers are fine-tuning their strategies and tactics.

Seagram yesterday increased its bid for 51 per cent of Conoco by offering $92 a share in cash. Mobil is also planning to improve its bid of $90 a share for 51 per cent of Conoco's shares, plus securities with a guaranteed market value of $90 for the balance of the shares. It may raise the cash element to $95.

Du Pont, which is offering $95 a share for 40 per cent of Conoco and 1.7 Du Pont shares for each remaining Conoco share, is also understood to be contemplating a new move. In the sidelines are a number of other potential big players, first and foremost Texaco, which could well come in with bids in the next few days.

The key to the current hectic build-up in the unprecedented takeover battle are a number of crucial dates. At this stage, the most crucial is Friday, July 31 when the withdrawal period for shares tendered to Seagram expires unless a new bidder enters the fray. If a new player enters the high-rolling auction, by statute the withdrawal period has to be extended.

The other crucial dates are the "proration dates" of the various offers. These are the dates by when shareholders must tender their shares to gain preferential treatment on a first-come, first-served basis.

Thus if a company is offering to acquire 51 per cent of another company, which is the case in the Seagram bid, shareholders who tender before the proration date expires stand a better chance of getting the full cash price should more than 51 per cent of the shares be tendered.

In the case of a bid such as Du Pont's involving a cash-and-shares offer, shareholders stand a better chance of receiving cash or stock, whichever they prefer, if they tender before the proration date expires.

Seagram's proration date expired Wednesday night. Du Pont's expires on Friday, and Mobil's Sunday. But until the withdrawal date expires—Seagram's does a week today and Mobil and Du Pont early next month—investors can still withdraw their shares and tender them to a competing company.

By so doing, however, they risk losing their place in the first-come, first-served queue. Thus if they pull out of one offer and then want to switch back to it, they risk not getting the best deal.

The battle for Conoco centres on these dates. It is normal for investors to tender their shares to the company whose proration date expires first. This is because they guarantee themselves a good place in the line at the same time as being in a position to watch for new developments.

If they think another bid is better, they can withdraw from the first offer and tender their shares to a competing bidder whose proration date has not yet expired. Depending on how attractive new bids are, they can keep switching tenders until the withdrawal dates expire.

The last 24 hours have seen classic manoeuvres characterising this sort of bidding battle. Many investors are understood to have tendered their shares to Seagram, not because the offer is better but because the proration date expired first.

Fearing that this would happen, Mobil on Wednesday indicated that it would increase its cash offer for 51 per cent of Conoco shares to lure shareholders to tender to Mobil before Mobil's Sunday proration date expires. In turn, Seagram, anticipating this, lifted its own bid to $92 a share in the hope that investors would stick with its offer. The fact that Seagram's proration date has expired makes no difference. Shareholders who tendered to Seagram will get $92 a share instead of the original $85 a share it first offered.

But Mobil's decision to hint publicly that it plans to raise its bid also suggests that it is concerned about the Du Pont bid. Du Pont is offering $95 a share in cash for 40 per cent of Conoco. Its proration date expires on Friday night. Thus Conoco shareholders could be lured to tender the shares to Du Pont before Friday night to stand a better chance to get the full $95 a share. But by upping its own bid, Mobil clearly hopes shareholders will tender their shares to Mobil before its proration date closes on Sunday night rather than tender them—at this stage at least—to Du Pont or Seagram.

The other crucial aspect is psychological. It involves the perception of Conoco shareholders of the effective worth of the various bids and which in the end offers the best pay-off.

At this stage, the odds are fairly even between the three candidates. Although Seagram's cash offer is lower than Du Pont's, and presumably will also be lower than Mobil's if it ups its bid, Seagram is the only one of the three which can automatically pay Conoco shareholders after July 31 when the withdrawal period for its offer expires. Seagram has already cleared the statutory anti-trust waiting period, it faces no real anti-trust challenge, and hence its offer has practically no political risk. It is also paying cash.

Du Pont's offer, for its part, may be bigger, but the chemicals company still has to clear the anti-trust waiting period. Its bid could face a challenge from the anti-trust authorities. Moreover, its proposal to take-over Conoco has still to be approved by its own shareholders next month. Du Pont's offer also involves a large exchange of shares and at current market prices this part of the package is considerably lower than either Mobil's or Seagram's offer. This means that while Conoco shareholders will get $95 a share, many more will get 1.7 Du Pont shares whose current market price is about $77.

Finally, there is Mobil's offer, while it is clearly the largest in overall value, it faces the biggest political risk. Shareholders might thus be put off by the thought that Mobil's bid might be blocked by the Government or could face a long delay.

Against this background, it is clearly too early to say which company will win out in the end. Mobil is expected shortly to come in with a blockbuster bid of more than $100 a share which would greatly offset the so-called "political risks" of a Mobil bid. And there is always the strong chance that another player will enter the game.

Perhaps the most intriguing aspect of this intricate and fascinating battle, is that at the end of the day Conoco shareholders might tender shares to all three (or four or possibly five) contenders leaving no one with an absolute majority.

Pan Am plummets while Delta ends year strongly

BY LACHLAN DRUMMOND IN NEW YORK

PAN AMERICAN World Airways, which earlier this month announced plans to cut its operations by 10 per cent as a means to bringing the airline back to profitability, has reported a jump in its loss for the second quarter from $66.3m to $103.1m.

The poor performance by Pan Am was thrown into sharp relief by results from Delta Airlines, the Atlanta-based group and one of the few U.S. carriers to have remained profitable. It pushed up net earnings from $37.7m or $1.89 a share to $47.6m or $2.39 a share on revenues ahead from $813.5m to $954.3m in the quarter, its final for fiscal 1981.

Pan Am's revenues for the three months were ahead by 4 per cent at $1.03bn, but operating expenses increased faster, growing by 8 per cent to $1.1bn.

Pan Am said the fuel bill for the quarter rose by almost 11 per cent despite a reduction in consumption.

It added that the results reflected the 35 per cent decline in scheduled traffic in the quarter, which resulted from the threatened strike by U.S. air traffic controllers and action taken by overseas controllers.

It also said that its revenues yield—the amount of revenue received for each passenger mile flown—continued to be unsatisfactory, particularly in international markets.

The second quarter returns took the half-year loss to $217.6m from a loss of $141.2m last time on revenues up 3.5 per cent at $1.97bn.

At Delta, which has one of the most modern fleets of all U.S. airlines which it is constantly upgrading, reported total profits for the year of $146.47m, or $7.37 a share, compared with $93.16m or $4.69 a share last time. Its revenues totalled $3.53bn against $2.96bn in the previous year.

Kodak raises sales and profit

By Our New York Staff

EASTMAN KODAK, the photographic equipment and chemicals group, pushed up net earnings by 19 per cent to $284.5m in the second quarter on the back of increased volume sales. In dollar terms sales were 13 per cent higher at $2.42bn, with the strengthening of the U.S. currency in the quarter leading to some understatement of the improvement in sales in its overseas operations.

After six months Kodak's net profits were 23 per cent ahead share to $3.31. The second quarter contribution was $1.77, compared with $1.48 a share in 1980. Half-year sales increased from $4.27bn to $4.72bn.

Mr Walter A. Fallon, the chairman, said the quarterly performance had been up to expectations and added that the company continued to see the full year as a good one. However, he warned that quarterly earnings' comparisons would be more challenging as the year proceeded.

Hydro Quebec launches $200m Yankee bond

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

HYDRO QUEBEC is floating a $200m, 10-year issue with a coupon of 16¼ per cent and issue price 99¼ in the New York domestic bond market.

News of the issue, which is led by Merrill Lynch, led to sharp falls yesterday in the secondary market prices of Eurobonds issued by Canadian borrowers which have recently offered yields below the 16.30 per cent afforded by the Hydro Quebec Yankee bond.

The 13 per cent Eurobond issue by the same borrower shed a full point yesterday to 84½ per cent, while price falls of other fixed rate Eurobonds were generally more modest, averaging about ½ point.

Dealers said the market simply refused to respond to news of the abrupt reversal of the U.S. economy in the second quarter and the decline in inflation, preferring instead to concentrate on the continuing high levels of short term interest rates.

D-Mark international bonds fell by around ¼ of a point in rather quiet trading while Swiss franc bonds were marked down by a ¼ of a point.

The next public borrower on the Swiss franc market is expected to be Mexico's state financing concern Nafinsa which is to raise up to SwFr 100m ($47m) through Swiss Bank Corporation.

Swiss investors have always been somewhat resistant to bond issues by developing country names, even when the better-rated credits are concerned, and bankers expect that the borrower may have to offer a yield of over 8 per cent in order for the issue to be properly placed.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday August 13. Closing prices on July 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15⅞ 86 (WW)	55	97	97½	−0⅛	−1⅛	16.01
Amoco 13¾ 88	75	90¾	91¼	−0⅛	−1⅜	15.49
CIBC 14½ 84	185	96	96½	0	−1⅛	16.22
CIBC 15⅞ 86	75	98⅜	98⅞	+0⅛	−0⅜	15.57
CNA 15¾ 86	75	94⅞	95⅜	−3¼	−2	16.11
CNE 12¾ 91	100	85⅞	85⅜	−0½	−2⅛	15.74
Citicorp O/S 12 87	200	86⅝	87⅛	−0⅛	−1⅞	15.38
Citicorp O/S 15½ 84	175	99⅜	99⅞	−0⅛	−0⅞	15.74
Dupont Canada 13½ 91	65	91¾	92¼	−0⅛	−1⅛	15.09
EIB 12¾ 89	75	85¾	86⅜	0	−1⅛	15.88
Eldorado 13¾ 86	50	91¼	91⅝	−0⅛	−1⅛	15.95
Elec. de France 13 88	125	88⅝	89⅛	−0¼	−2⅛	15.80
Export Dv. Cpn. 9½ 86	150	80	80½	+0¼	−1⅛	15.94
Fed. Bs. D. 12¼ 85 (N)	50	89	89½	−0⅛	−1⅛	15.81
Fed. Bs. D. 15⅞ 84 (J)	40	99⅜	99⅞	−0⅛	−1⅛	15.87
Fin. Exp. Credit 10½ 85	50	83⅞	84⅜	−0⅛	−0⅞	16.25
Finland, Rep. of 9½ 86	100	78⅛	78⅝	−1	−1⅛	16.46
Ford Cr. O/S Fin. 15 84	150	99⅜	99⅞	0	−0⅜	16.04
Ford Cr. O/S Fin. 16 85	150	97	97½	0	−0⅛	16.99
Gaz de France 13½ 86	80	92½	93	−0⅛	−1½	15.80
GMAC O/S Fin. 12⅞ 88	100	88⅞	88⅝	+0⅛	−2⅛	15.80
GMAC O/S Fin. 14⅜ 87	100	94⅞	95⅜	−0½	−1⅛	16.07
Gen. Mrs. O/S 11⅜ 87	100	85	85½	−0⅛	−1⅛	15.58
Genstar 14⅜ 91	50	96⅝	97⅛	0	−1⅛	15.35
GTE Fin. 13¾ 86 (WW)	50	94⅞	95⅜	−0⅛	−1½	15.25
Hiram Walker 16 86	50	101½	102	0	−0⅛	15.42
IBM Wld. Trade 12½ 88	200	92⅞	93⅜	−0⅛	−1⅛	14.16
IBM Wld. Trade 14⅜ 84	100	99⅞	100⅜	−0⅛	−0⅞	14.65
Nat. Bk. Canada 15⅜ 84	40	98	98½	0	−0⅞	16.01
Newfoundland 13½ 90	60	89⅞	90⅜	−0⅛	−1⅛	15.62
Nova Scotia 15 91	75	95⅞	96⅜	−0⅛	−1⅛	15.78
Ontario Hydro 13½ 91	100	90⅞	91⅜	−0⅛	−2	15.28
Onel. Hy. 13 91 (WW)	100	84⅜	84⅞	−1	−3⅛	16.29
Royal Bk. Canada 14 86	100	96⅜	96⅞	−0⅛	−1¼	14.99
SNCF 13 91	75	88⅜	89⅜	−0⅛	−1⅛	16.24
Sth. California 14 87	50	94⅞	95⅜	−0⅛	−1⅛	15.28
Sth. California 14⅜ 88	50	96⅞	97⅜	−0⅛	−1⅛	15.44
Sven Handlabk. 13⅜ 88	45	90⅜	91⅛	−0⅛	−1	16.01
Swed. Ex. Credit 13 86	75	88⅜	89⅞	−0⅛	−1½	16.36
Swed. Ex. Cred. 15⅜ 86	50	98	98½	−0⅛	−1⅝	16.25
Toronto-Dom. Bk. 14 84	50	95⅜	95⅞	−0⅛	−1	16.13
Tribune O/S Fin. 14 86	50	93⅜	93⅞	−0⅛	−1⅛	15.98
Wells Fargo Int. 15½ 84	50	99⅜	100⅛	−0⅛	−0⅜	15.51
World Bank 10⅝ 87	300	79⅞	80⅜	−0⅛	−1⅛	15.63
World Bank 14⅜ 86	500	94⅜	95⅛	+0⅛	−1½	15.89

Average price changes... On day −0⅛ on week −1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
M. Bk. Dnmk. 9 91 EUA	25	85¾	87⅛	+0⅛	+0⅛	11.17
SOFTE 8¾ 89 EUA	40	85⅜	87	+0⅛	−0⅛	10.94
U. Bk. Nwy. 9½ 90 EUA	18	92½	93⅛	+0⅛	−0⅛	10.74
Algemene Bk. 10⅜ 86 Fl	60	94⅜	95⅛	0	−0⅛	11.71
Amro Bank 12 86 Fl	78	101	101½	−0⅛	−0⅛	11.64
Heineken NV 10 87 Fl	100	95	95½	−0⅛	+0⅛	11.13
Nat. Nedrlndn. 10 88 Fl	60	95	95½	−0⅛	−1	11.03
Ned. Midd. Bk. 10 85 Fl	75	94½	94⅞	−0⅛	−0⅛	11.77
Pierson 10⅝ 86 Fl	50	93½	94	−0⅛	0	12.06
Rabobank 12 86 Fl	50	100½	101	−0½	−0⅛	11.77
Air France 14¼ 86 FFr	200	92¼	93⅛	+0⅛	0	16.81
Bk. America 14½ 86 FFr	250	90⅞	91⅛	0	−0⅛	17.49
Charb'nages 13⅞ 85 FFr	400	89⅞	90⅜	+0½	0	17.25
EIB 14⅛ 88 FFr	300	87⅛	88⅛	+0⅛	0	17.35
La Redoute 14⅜ 85 FFr	125	86⅜	87⅛	+0⅛	−0⅛	18.91
OKB 14 86 FFr	400	90½	91½	−0⅛	−0⅛	16.90
Solvay et C. 14⅜ 86 FFr	200	95⅛	96⅛	0	−0⅛	16.04
Swed. E. Cr. 14⅜ 86 FFr	250	87⅞	88⅜	+0⅛	−0⅛	18.53
U. Mex. Sts. 14 85 FFr	150	89⅜	90⅜	+0⅛	−0⅛	17.80
Acona 14 85 £	20	93	94	0	+0⅛	16.11
Beneficial 14⅜ 90 £	20	84⅜	85⅜	−0⅛	−0⅛	17.50
BNP 13½ 91 £	15	86⅜	87⅛	−0⅛	−0½	18.25
CECA 13½ 88 £	20	88⅜	89½	+0⅛	+0½	16.10
Citicorp O/S 13½ 90 £	50	93	93⅜	0	+0⅛	14.87
Fin. Ex. Cred. 13⅜ 86 £	15	91⅜	92⅛	+0⅛	−0⅛	18.33
Gen. Elec. Co. 12⅜ 89 £	50	86⅛	87⅛	0	+0⅛	15.53
Hiram Walker 14⅜ 86 £	25	93⅜	94⅛	+0⅛	−0⅛	16.17
Privatbanken 14½ 88 £	12	90⅞	91½	0	−0½	16.88
Rothschild 14⅜ 90 £	12	92⅜	93½	0	−0⅛	15.71
Royal Trustco 14 86 £	12	93⅜	93⅞	0	0	16.02
Swed. Ex. Cr. 13⅜ 86 £	20	92	92⅜	+0⅛	0	16.13
Akzo 9⅜ 87 LuxFr	500	89⅞	90⅞	0	+0⅛	11.47
Euratom 9⅜ 88 LuxFr	500	82⅞	83⅞	−0⅛	−0⅛	13.76
Eurofima 10½ 87 LuxFr	500	89⅞	90⅞	0	0	12.80
EIB 9⅜ 88 LuxFr	600	85⅜	86⅜	+0⅛	−0½	13.00
Volvo 9⅜ 87 LuxFr	500	85⅜	86⅜	+0⅛	−0⅛	13.07

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Bank of Montreal 5¼ 90	0⅛	97⅞	98⅜	18/12	16⅞	17.07
BBL Int. 5 86	0⅜	98⅞	99⅜	20/11	18.31	18.47
BNP 5½ 88	‡0⅛	99⅛	99⅝	29/7	16.44	16.54
CNT 5¼ 86	§0⅛	99	99½	16/10	16.81	16.94
Christiania Bk. 5½ 91	‡0⅛	98	98½	5/8	17.31	17.62
Citicorp O/S Fin. 84	‡0	99	99½	29/7	18.69	18.83
C. Itoh 5¼ 87	0⅛	98½	99	18/9	15.44	15.83
Co-operative Bk. 6 86	0⅛	99½	100	15/11	19.56	19.61
Den Norske Credit 6 90	‡0⅛	98⅜	98⅝	5/8	17.31	17.60
Genfinance 5⅞ 87	0⅛	98⅜	99⅛	30/10	16.94	17.13
Genfinance 5⅞ 92	0⅛	98⅞	99⅛	30/12	18.31	18.47
Giro und Bank 5¼ 91	‡0⅛	98⅜	99⅛	23/9	19.06	19.28
GZB 5½ 89	‡0⅛	98⅜	98⅞	1/8	17.31	17.55
GZB 5¼ 92	‡0⅛	97⅞	98⅛	5/9	17⅛	17.62
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.77
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.35
Canon 6⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.85
Credit Suisse 4⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.03
Digicon Fin. 8⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.84
Fujitsu 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.28
Furukawa Elec. 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.21
Hanson O/S Fin. 9⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.65
Hitachi Cred. Cpn. 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.00
Ina Overseas 8⅞ 2000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.86
Inchcape 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23.61
Marui 6 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.28
Matsushita El. 7⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.51
NKK 6⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.78
Ricoh 6⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.79
Sumitomo M. Ind. 7 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−1.46
Swiss Bk. Cpn. 6⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	32.70
Taylor Woodrow 9⅞ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.97
Transco Int. 8⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	30.37
Tricoro 8⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.55
Union Bk. Switz. 5 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.33
Sharp Cpn. 6⅛ 88 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.33
Uny Co. 6⅛ 96 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.29

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

AMERICAN CAN

Second quarter	1981 $	1980 $
Revenue	1.2bn	1.2bn
Net profits	22.4m	23.9m
Net per share	1.11	1.19

AMFAC

Second quarter	1981 $	1980 $
Revenue	536.4m	465.0m
Net profits	20.6m	20.0m
Net per share	1.44	1.42
Six months		
Revenue	1.03bn	906.3m
Net profits	34.8m	32.7m
Net per share	2.43	2.32

ANHEUSER-BUSCH

Second quarter	1981 $	1980 $
Revenue	995.8m	850.2m
Net profits	60.6m	47.8m
Net per share	1.34	1.06
Six months		
Revenue	1.9bn	1.6bn
Net profits	101.8m	80.1m
Net per share	2.25	1.77

BRUNSWICK CORPORATION

Second quarter	1981 $	1980 $
Revenue	344.0m	290.0m
Net profits	19.05m	†816,000
Net per share	0.90	†0.08
Six months		
Revenue	678.2m	599.3m
Net profits	34.81m	5.14m
Net per share	1.63	0.17

† Loss

CADILLAC FAIRVIEW

First quarter	1981 $	1980 $
Revenue	271.6m	145.8m
Net profits	9.0m	1.4m
Net per share	0.23	Nil

CANADA PERMANENT MORTGAGE

Six months	1981 C$	1980 C$
Revenue	398.4m	314.1m
Net profits	8.5m	6.5m
Net per share	0.90	0.65

CITY INVESTING

Second quarter	1981 $	1980 $
Revenue	1.48bn	1.34bn
Net profits	31.7m	30.7m
Net per share	0.85	0.83
Six months		
Revenue	2.89bn	2.65bn
Net profits	60.1m	57.4m
Net per share	1.62	1.56

COCA-COLA

Second quarter	1981 $	1980 $
Revenue	1.64bn	1.54bn
Net profits	128.9m	131.5m
Net per share	1.04	1.06
Six months		
Revenue	3.03bn	2.77bn
Net profits	229.0m	223.6m
Net per share	1.85	1.81

COMBUSTION ENGINEERING

Second quarter	1981 $	1980 $
Revenue	998.1m	773.5m
Net profits	35.3m	27.4m
Net per share	1.07	0.84
Six months		
Revenue	1.83bn	1.43bn
Net profits	61.1m	48.6m
Net per share	1.85	1.48

DILLINGHAM

Second quarter	1981 $	1980 $
Revenue	403.6m	328.3m
Net profits	4.7m	9.9m
Net per share	0.27	0.64
Six months		
Revenue	783.5m	622.3m
Net profits	9.3m	15.7m
Net per share	0.55	1.03

EATON

Second quarter	1981 $	1980 $
Revenue	860.2m	824.1m
Net per share	1.28	1.11
Six months		
Revenue	1.64bn	1.66bn
Net profits	36.5m	78.4m
Net per share	1.34	2.97

FMC

Second quarter	1981 $	1980 $
Revenue	923.6m	883.8m
Net per share	1.26	1.18
Six months		
Revenue	1.82m	1.78m
Net per share	2.50	2.40

GOULD

Second quarter	1981 $	1980 $
Revenue	455.1m	381.3m
Net per share	0.66	0.47
Six months		
Revenue	884.9m	761.8m
Net profits	43.5m	42.9m
Net per share	1.21	1.25

KIMBERLY-CLARK

Second quarter	1981 $	1980 $
Revenue	700.1m	609.0m
Net profits	56.5m	43.3m
Net per share	2.47	1.86
Six months		
Revenue	1.44bn	1.26bn
Net profits	113.6m	94.0m
Net per share	4.97	4.03

MOTOROLA

Second quarter	1981 $	1980 $
Revenue	849.2m	798.9m
Net profits	48.5m	48.4m
Net per share	1.54	1.55
Six months		
Revenue	1.66bn	1.55m
Net profits	93.7m	90.4m
Net per share	2.98	2.90

NATIONAL GYPSUM

Second quarter	1981 $	1980 $
Revenue	217.1m	197.9m
Net profits	11.1m	15.9m
Net per share	0.69	0.96

NEWMOUNT MINING

Second quarter	1981 $	1980 $
Revenue	237.8m	262.6m
Net per share	4.50	1.95
Six months		
Revenue	467.0m	539.9m
Net per share	5.68	5.18

OCEAN DRILLING

Second quarter	1981 $	1980 $
Revenue	232.0m	171.3m
Net per share	0.83	0.68
Six months		
Revenue	453.2m	325.4m
Net per share	1.65	1.18

PANHANDLE EASTERN

Second quarter	1981 $	1980 $
Revenue	844.4m	550.3m
Net profits	79.4m	37.8m
Net per share	1.97	1.00
Six months		
Revenue	1.7bn	1.2bn
Net profits	157.6m	98.7m
Net per share	3.94	2.63

PHELPS DODGE

Second quarter	1981 $	1980 $
Revenue	383.3m	376.2m
Net profits	25.4m	24.7m
Net per share	1.17	1.15
Six months		
Revenue	750.4m	811.5m
Net profits	54.3m	74.0m
Net per share	2.51	3.4[illegible]

PHIBRO

Second quarter	1981 $	1980 $
Revenue	6.93bn	6.14bn
Net profits	67.8m	122.4m
Net per share	0.99	1.8
Six months		
Revenue	12.65bn	11.16bn
Net profits	128.8m	247.0m
Net per share	1.88	3.6

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Oil field services group has sharp gain

By Lachlan Drummond in New York

SCHLUMBERGER boosted its second quarter net profits by 27 per cent after achieving record revenues in its oil field services operations, chiefly because of the boom in U.S. oil and gas exploration.

Profits for the period were up from $234.37m to $297.84m and total revenues came to $1.46bn against $1.24bn. Within this total the oil field services group contributed $904m, thereby accounting for all of the increase because of the effect of the strengthening of the dollar on the translation of revenues generated by its European measurement and control business, which was up 15 per cent before conversion into dollars. Also Fairchild, which was taken over last year, saw its sales dip by 10 per cent because of the severe recession in the semiconductor industry.

M Jean Riboud, the chairman, said wireline services—involving testing and the evaluation of wells—grew substantially throughout the world but most significantly in the U.S. Drilling and production services continued to expand.

After six months, net profits were up by 34 per cent from $425.3m to $568.92m, and sales were ahead by 21 per cent, from $2.41bn to $2.91bn. Quarterly earnings per share of $1.03 compared with 82 cents, took the half-year total to $1.97 against $1.49 previously.

Good second quarter lifts first-half profits at UBS

BY OUR FINANCIAL STAFF

UNION BANK of Switzerland, one of the top three Swiss banks, reports increased first-half profits and says that earnings for the rest of 1981 are going to be satisfactory.

Business as a whole remained "good" in the second quarter with net interest rising slightly. For 1980 the UBS returned net profits of SwFr 334.1m.

At end-June UBS had a balance-sheet total of SwFr 84bn, against SwFr 81.9bn at the end of rhe first quarter. UBS said SwFr 1.4bn of the increase was due to the strength of the dollar.

In the second quarter inter-bank business declined while customer business expanded "considerably." Letter of credit business did well, while earnings from foreign exchange and precious metals trading were good but slightly lower than in the preceding quarter.

Time deposits rose SwFr 2.7bn to SwFr 22.9bn, while the decline in medium- and long-term customer deposits accelerated. Savings deposits fell SwFr 328m while funds from medium-term notes rose SwFr 94m. These developments resulted in a shortening of maturities of customer deposits.

Progress reports from two other Swiss banks made for more mixed reading yesterday. Bank Leu has achieved satisfactory second-quarter earnings, but Swiss Volksbank says its first-half profits have fallen.

Swiss Volksbank has suffered narrower interest rate margins despite a successful "containment of costs." Earnings from commissions were lower than expected because of a fall in gold trading.

In 1980 Swiss Volksbank reported net profits of SwFr 68.9m, up 14 per cent. At Bank Leu net profits last year improved by 24 per cent to SwFr 27m.

Deutsche BP studies cut in its refinery capacity

BY KEVIN DONE IN FRANKFURT

DEUTSCHE BP, the West German subsidiary of British Petroleum, has joined the growing list of leading oil companies in the Federal Republic that are urgently studying ways of shutting unwanted surplus refinery capacity.

West German oil companies are currently maintaining oil refining capacity of about 150m tonnes a year, which far exceeds current and forecast demand.

The sale of oil products in the domestic market totalled about 118m tonnes last year and this is expected to fall to only 108m tonnes this year. A report by the West German subsidiary of Exxon of the U.S., which has the largest refinery capacity in West Germany, suggests that domestic market demand could sunk as low as 90m tonnes a year over the next 20 years.

Deutsche BP, which has 22m tonnes of refining capacity in five refineries—three are wholly owned and two are joint ventures one with Elf and one with Agip—is looking to reduce capacity to only 15m-17m tonnes.

The oil industry federation estimated recently that companies were running up losses on oil refining and marketing of DM 60 to DM 100 ($41) per tonne or 6-8 pfennigs per litre. A litre of four-star petrol costs on average DM 1.50.

Deutsche BP is making a loss of around DM 85 per tonne, and perhaps indicatively, the company has no plans to publish a half-year financial report this year. Such reports are not required by law, but one was issued last year.

At the same time that companies are contemplating closures, they are pressing ahead with large investment programmes in order to install more conversion capacity for up-grading heavier-oil products into light and middle distillates such as petrol and heating oil.

In the last five years, for example, Esso has more than doubled its conversion capacity in the Federal Republic to around 6.5m tonnes from 2.5m tonnes in 1976.

BP, Esso and Shell have announced that they are carrying out detailed studies of possible refinery closures and several other operators have already made temporary closures.

Several companies are simply prolonging maintenance shutdowns and only one plant, Erdölwerke Frisia, owned by Bomin in Emden, has been permanently closed.

Other measures by the industry include:

- Temporary shutdown of the 2m tonnes Fina/Total refinery at Duisburg from April to August.
- Shutdown since March of part of Caltex's 4.5m tonnes plant at Raunheim.
- Shutdown of part of Wintershall's 5.6m tonnes plant at Mannheim since mid-1979.
- Shutdown of part of the 8m tonnes Elf/BP refinery in Speyer since the end of April.
- Closure of Shell's 2.8m tonnes Ingolstadt refinery from mid-May to end July.
- Shutdown of the 4m tonnes Agip/BP refinery at Ingolstadt from end June to end August.
- Closure for several months of part of Esso's 8m tonnes a year plant at Karlsruhe.

Matra in computer link with Tandy

By Terry Dodsworth in Paris

MATRA, the French arms and communications company, aims to expand further into the information processing industry with the signing of an outline agreement to manufacture mini-computers for Tandy of the U.S.

Tandy, claimed to be the largest retailer of consumer electronics in the U.S., with a turnover last year of $1.4bn, already has an extensive sales network in Western Europe.

Under the agreement, Matra is to manufacture an American-designed machine which will then be sold through Tandy outlets throughout the EEC. This network is particularly strong in the UK, West Germany and Belgium.

Matra, one of the fastest growing high technology companies in France, is due to be carved up under the Government's nationalisation programme, which will take its armaments division into the public sector. Despite heavy dependence on arms sales, Matra has been steadily moving into new sectors over the last three years.

Its agreement with Tandy, which will have to be ratified by the Government, will give it 51 per cent in the joint French factory, with the rest of the shares being held by the American company. This will be the first Tandy factory in Europe.

The French group refused to put a figure on the deal yesterday. But it stressed that a large percentage of the components to be supplied fo the factory would be made in France.

Setback for MacMillan Bloedel

By Robert Gibbens in Montreal

THE LONG slump in lumber markets hit first-half earnings of MacMillan Bloedel, Canada's largest forest products company and the group, with other western producers, faces the additional impact of the west coast forest products industry strike in the third quarter.

Second quarter earnings were C$10m (U.S.$8.3m) or 32 cents a share, against C$37.6m or C$1.71 a share last year, on revenues of C$712m against C$647m. First half profit was C$21.5m or 72 cents a share, against C$82.3m or C$3.75 a share in 1980. Revenues were C$1.3bn, unchanged from the previous year.

MacMillan said its liquidity position remains sound but approval of many future capital projects is being deferred until markets improve and the company recovers from the impact of the present strike.

U.S. QUARTERLIES

Continued

	1981	1980
PUROLATOR	$	$
Second quarter		
Revenue	174.4m	139.0m
Net profits	7.0m	1.9m
Net per share	1.59	0.42
Six months		
Revenue	341.3m	275.9m
Net profits	12.9m	3.6m
Net per share	2.90	0.82
READING & BATES	1981 $	1980 $
Second quarter		
Revenue	119.9m	91.8m
Net profits	20.82m	17.07m
Net per share	1.01	0.89
Six months		
Revenue	231.9m	176.2m
Net profits	38.41m	30.6m
Net per share	1.86	1.65
ST. JOE MINERALS	1981 $	1980 $
Second quarter		
Revenue	153.2m	339.4m
Net profits	23.3m	24.7m
Net per share	0.50	0.55
Six months		
Revenue	422.5m	664.6m
Net profits	279.6m	60.2m
Net per share	6.15	1.34
TEXAS EASTERN	1981 $	1980 $
Second quarter		
Revenue	1.02bn	1.06bn
Net profits	52.4m	55.8m
Net per share	2.07	2.21
Six months		
Revenue	4.30bn	3.74bn
Net profits	217.9m	203.9m
Net per share	8.63	8.09
TIGER INTERNATIONAL	1981 $	1980 $
Second quarter		
Revenue	416.2m	321.7m
Net profits	13.2m	3.2m
Net per share	0.78	0.21
Six months		
Revenue	805m	595.4m
Net profits	24.0m	13.7m
Net per share	1.41	0.89
TOSCO	1981 $	1980 $
Second quarter		
Revenue	856.9m	598.3m
Net profits	12.1m	24.0m
Net per share	0.53	1.12
Six months		
Revenue	1.62bn	1.13bn
Net profits	†26.8m	46.6m
Net per share	†1.22	2.18
† Loss		
SYBRON	1981 $	1980 $
Second quarter		
Revenue	200.0m	197.2m
Net profits	6.5m	5.7m
Net per share	0.60	0.52
Six months		
Revenue	392.6m	389.8m
Net profits	13.8m	12.4m
Net per share	1.27	1.13
UNITED ENERGY RESOURCES	1981 $	1980 $
Second quarter		
Revenue	1.27bn	929.4m
Net profits	53.8m	37.1m
Net per share	1.94	1.44
Six months		
Revenue	2.54bn	1.98bn
Net profits	109.3m	78.8m
Net per share	3.93	3.05
U.S. FIDELITY	1981 $	1980 $
Second quarter		
Net profits	46.9m	63.2m
Net per share	1.67	2.27
Six months		
Net profits	95.1m	125.0m
Net per share	3.43	4.49

NOTICE

To the holders of Floating Rate London Dollar Certificates of Deposit due August 1982 of:

Dow Banking Corporation

10 Old Jewry, London EC2R 8DU

Following Dow Scandia Banking Corporation Limited having taken over assets and liabilities of Dow Banking Corporation, London Branch, holders of the above-mentioned Certificates of Deposit may either choose to have their Certificate redeemed at par, together with accrued interest, on the next interest Payment Date relating thereto, 4th August, 1981, or to exchange their existing Certificate for a new one in the name of Dow Scandia Banking Corporation Limited.

A letter explaining the procedures for this may be obtained from:

Dow Scandia Banking Corporation Limited, 10 Old Jewry, London EC2R 8DU — **European Banking Company Limited**, 150 Leadenhall Street, London EC3V 4PP

Euro-clear Clearance Systems Limited, Avenue des Arts 35, Brussels. — **Cedel S.A.**, 67 Bd. Grande-Duchesse Charlotte, Luxembourg.

24th July, 1981. — European Banking Company Limited

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
American Express Bk.	12 %	■ Hambros Bank	12 %
Amro Bank	12 %	Heritable & Gen. Trust	12 %
Henry Ansbacher	12 %	■ Hill Samuel	§12 %
AP Bank Ltd.	12 %	C. Hoare & Co.	†12 %
■ Arbuthnot Latham	12 %	Hongkong & Shanghai	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	12½%
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 10% and over £50,000 11%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9¼%.
‖ 21-day deposits over £1,000 10½%.

Oesterreichische Kontrollbank Aktiengesellschaft

U.S. $75,000,000 Guaranteed Floating Rate Notes 1986

Notice is hereby given that the Exchange Date in relation to the above Notes was 23rd July, 1981 and on that date definitive Notes were delivered in London to Morgan Guaranty Trust Company of New York in exchange for the Temporary Global Note.

Oesterreichische Kontrollbank Aktiengesellschaft

24th July, 1981

The Afrikander Lease Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT — 1981

Financial Results

The following are the unaudited results of the company for the half-year ended June 30 1981 together with comparative figures for the half-year ended June 30 1980 and the year ended December 31 1980.

	Half-year ended 30.6.81 R000	Half-year ended 30.6.80 R000	Year ended 31.12.80 R000
Minimum royalty from Vaal Reefs Exploration and Mining Company Limited — accrued	25	25	50
Sundry revenue including rentals	4	5	9
	29	30	59
Deduct: Administration and other expenses	74	85	145
Loss	45	55	86

There is no provision for taxation as the company incurred a loss in the period under review.

Dividends

No dividends were declared or paid during the half-year ended June 30 1981.

Royalties

In the report of Vaal Reefs Exploration and Mining Company Limited for the quarter ended June 30 1981, the royalty to Afrikander Lease for the half-year ended June 30 1981 was estimated at R25 000 (half-year ended June 30 1980: R25 000). Members are reminded that the royalty is only determined when the year-end results from Vaal Reefs' operations in the Afrikander Lease area are known.

Subsidiary Company

The company's wholly-owned subsidiary, Western Klerksdorp Investments Limited, has no assets or liabilities and consequently a group interim report has not been prepared.

All the mining rights formerly held by the subsidiary are in the course of being registered in the name of the company, after which an application will be made for the deregistration of Western Klerksdorp Investments in terms of section 73(5) of the Companies Act.

Operations at the Afrikander Lease Area

Vaal Reefs has announced that due to design delays in the uranium section of that company's Afrikander Lease area plant, this portion of the plant will only be commissioned during the second quarter of 1982 while the gold section will be commissioned during September and October 1981.

It has therefore been decided to utilise the capacity available at this plant for treating ore mined from its Nos. 6 and 7 shafts until the uranium section of the plant is commissioned.

Copies of the quarterly report of Vaal Reefs, which gives details of the operations in the Afrikander Lease area, are available on request from the offices of the company's transfer secretaries.

For and on behalf of the board
G. Langton } Directors
W. R. Lawrie

United Kingdom Transfer Secretaries:
Charter Consolidated Limited
P.O. Box 102, Charter House
Park Street, Ashford
Kent TN24 8EQ

Head Office:
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
July 24 1981

JAPAN PLANS RELIEF MEASURES

Slack demand hits oil refiners

BY YOKO SHIBATA IN TOKYO

Sanwa Bank said yesterday it would support plans of the financially troubled Maruzen Oil for restructuring its operations, in a move to head off possible bankruptcy. The plans involve bringing down the cost of the company's crude oil imports, revising its product mix, adjusting marketing arrangements, splitting off some refineries, cutting its workforce, and selling some assets. Maruzen's leading banks hopes consultations among the company's creditor banks on the plans will be finished by the end of September, to coincide with the end of the first half of Maruzen's fiscal year. Sanwa Bank owns about 5 per cent of Maruzen. At end March, it held Y86.9bn in short-term and Y20.7bn in long-term Maruzen debt, significantly more than the Y34.2bn in short-term and Y23.5bn in long-term debt held by Industrial Bank of Japan.

THE JAPANESE Ministry of International Trade and Industry (MITI) is studying a package of measures to bail out the recession-hit oil refining industry, which is suffering not only from slack demand but also from mounting exchange losses stemming from the yen's steep fall in value in the foreign exchanges.

The package includes a measure to allow refiners to raise the price of oil products by an average of 7 per cent, or Y5,000 per kilolitre. At the end of April, the oil industry was allowed to raise selling prices in order to pass on the Organisation of Petroleum Exporting Countries' crude oil price increases. But this move ran up against weak demand.

The price guideline is set only on petrol and residual fuel oil "C" because increases are unlikely to meet resistance from the users. There is firm demand for petrol. To ease the present glut of fuel oil "C," it is proposed that the Ministry ask Japan's nine electric power companies to use more fuel oil "C" for power generation. The MITI plans will be discussed at a meeting of the Petroleum Council, an advisory body to the Ministry on July 27. A final decision is expected at the end of August.

Aside from these relief measures, the Ministry is asking the oil industry to curtail production from July to September by about 15 per cent on the previous year's level.

Alongside the declining demand for oil, foreign exchange losses of the refiners have been heavy. According to a MITI survey, the operating losses of Japan's top 14 refiners in the April-June quarter alone ran to as much as Y165bn ($720m).

A private industry research centre calculates that the operating losses of Japan's 34 oil refiners would reach as much as Y1,600bn in the fiscal year ending next March. This calculation is based on the pessimistic assumptions that: the exchange rate remains around Y225 against the dollar throughout the fiscal year; the selling price of oil stays at the current level for the rest of the fiscal year; and that Saudi Arabia will impose a price increase of $4 per barrel from January 1982.

Maruzen Oil, the second largest of Japan's indigenous oil refiners, reported last month that operating losses amounted to Y28.8bn for the year ended March. Since the outset of the current financial year, the company has lost Y10bn a month, mostly on foreign exchange account. Because of the mounting operating losses, the company has been forced to take financial reconstruction measures.

Nippon Oil, the largest refiner expects a Y20bn operating loss in the current six months, ending September.

The Ministry acknowledges that short-term relief measures alone will not rescue the oil refining industry which suffers from structural problems, including excess refining capacity.

A shift to substitute fuels, such as nuclear fuels and coal, in the electric power and steel industries have cut demand for oil considerably. Japan's current refining capability of 5.9m barrels a day is working at 60 per cent pitch, partly because of MITI's guidance on curtailing production.

The Government's oil refining programme is now set at 4.36m. barrels a day by 1985. The Ministry has commissioned the Petroleum Council to study medium and long term restructuring measures for the industry, including regrouping the refiners.

Meanwhile, the oil refiners have begun to take protective measures of their own to ease the impact of foreign exchange fluctuations.

They want the Government to introduce a yen-denominated import financing system, instead of the current dollar-based import finance. At present refiners borrow in U.S. dollars to import crude oil and repay three to four months later, so running a foreign exchange risk.

Recovery in consolidated earnings at IHI

By Our Financial Staff

ISHIKAWAJIMA - HARIMA Heavy Industries (IHI), the Japanese shipbuilding and heavy engineering concern, increased its consolidated net profit by 45.6 per cent to Y7.470bn ($32.5bn) in the year ended March 31, on a 1.7 per cent rise in sales, to Y838.13bn. The gain in earnings comes on a relatively low level of profits in the previous year. In 1979-80, IHI's consolidated after-tax net profit fell 16.9 per cent to Y5.13bn.

Japan's shipbuilders have in recent years gone through a process of re-shaping their businesses, to give them less dependence on shipbuilding.

Early last month, however, a recovery in the shipyards business was reflected in improved parent company results at the major shipbuilders and heavy engineers in general.

IHI showed a gain in net profits on the part of its parent company of 58.4 per cent to Y6.03bn, on sales down 1.5 per cent to Y681.13bn.

High interest rates cut group profits at Mitsui

BY OUR FINANCIAL STAFF

OPERATING profits declined 34 per cent to Y64.92bn ($355m) on a consolidated basis for the fiscal year ended March 31, 1981, at Mitsui and Co., one of the two largest trading houses in Japan. Consolidated net profits fell 36 per cent to Y18.26bn ($87m). The decrease was attributed mainly to higher interest rates during the year despite strong gains by overseas associated companies which helped push up sales by 11 per cent to Y14,930bn ($70.78bn).

Mitsui predicts consolidated net income for the present year will rise by 53 per cent to about Y28bn on sales up by 7 per cent to Y16,000bn.

Exports for 1980-81 rose by 15 per cent to Y2,710bn while imports advanced by 8 per cent to Y3,330bn.

Exports of industrial plants, cars, ships and various types of machinery registered strong gains which helped to offset the slump in sales of steel and chemical products.

In May Mitsui reported parent company net profits down 17.4 per cent to Y11.17bn on sales up 13 per cent to Y12,670bn.

AECI raises dividend on better first-half results

BY JIM JONES IN JOHANNESBURG

AECI, South Africa's largest chemicals company, which is 40 per cent owned by ICI of the UK and 40 per cent by De Beers, increased its pre-tax profits by 43.1 per cent to R122.1m ($140m), in the six months to June 30, from R85.3m in the corresponding period of 1980. The profit figure compares with R202m for the whole of last year. First-half turnover was R693.2m ($797m) against R551.2m in the first half and R1,236.3m for the whole of 1980.

The pre-tax profit figure includes a dividend of R15.5m from Triomf Fertiliser, in respect of that company's 1980 financial year. Last year, the income from Triomf was R7.8m. All divisions of the group contributed to an 18 per cent increase in sales volume, and almost half of volume growth was the result of acquisitions.

An interim dividend of 24 cents has been declared from first-half earnings of 50.2 cents a share. Last year, the interim dividend was 18 cents and first-half earnings 36.2 cents a share. The year to December 31, 1980, resulted in a total dividend of 45 cents, and earnings per share of 81.3 cents.

WORLD STOCK MARKETS

Easier early Wall St bias

STOCKS ON Wall Street were inclined to ease further yesterday morning in another active trade as more evidence came in that interest rates are likely to remain high for a while.

Declines outscored advances by a two-to-one margin, although the Dow Jones Industrial Average, which had fallen 33 points over the past three days to a new 1981 low, reversed a small early decline to show a net gain of 1.71 at 1 pm at 926.37. The NYSE All Common Index was only 5 cents lower at $73.85, after touching $73.70. Trading volume amounted to 31.64m shares, compared with 32.74m at 1 pm on Wednesday.

The market started to lose ground following testimony from Treasury Under-Secretary Beryl Sprinkel that the Administration is pleased with the Federal Reserve Board's tight monetary policy.

Conoco advanced 3⅞ to $87⅞ and topped the actives list despite being halted part of the morning. **Seagram** raised its offer for the company to $92 a share and **Mobil** is contemplating an increase in its bid.

The bidding war heated up trading in other possible takeover targets. **Cities Service** rose $2 to $57, **Texas International** 1⅛ to $38⅛, **Kerr-McGee** $2 to $79⅞, **Marathon Oil** ⅞ to $66⅞ and **Diamond Shamrock** ⅛ to $36⅞.

THE AMERICAN SE Market Value Index picked up from initial easiness to record a net improvement of 0.88 at 363.83 at 1 pm. Volume 2.71m shares (2.98m).

Canada

Most sectors displayed a downward tendency at mid-day after busy trading, but Golds put on 34.0 to 4,046.6 on index, while Real Estate and Construction rose 55.7 to 9,327.4 and Consumer Products 39.8 to 2,157.6. The Toronto Composite index was only 0.9 easier at 2,352.9.

Closing prices for North America were not available for this edition.

Tokyo

The recent weakening trend continued in light trading yesterday as many investors stayed on the sidelines in view of foreign exchange market uncertainty and the overnight fresh fall on Wall Street.

The Nikkei-Dow Jones Average slipped 43.77 to 7,717.07, extending its fall since the start of the week to 160 points. The Tokyo SE index ended 2.24 lower at 585.53, while falls exceeded rises on the First Market section by 349 to 213. Volume was down sharply to 200m shares from Wednesday's 320m.

Market sentiment was further dampened by slowing foreign purchases due to the recent yen depreciation against the U.S. currency.

Steels, Shipbuildings, Light Electricals, Printings, Machine Tools and Optical Fibres declined on light selling, but some Pharmaceuticals and Heavy Electric Machines firmed. **Hitachi** adding Y9 at Y779 and **Tanabe Pharmaceutical** Y16 at Y726.

Nippon Oil, down Y19 at Y822, led Oils mostly lower. However, **Maruzen Oil** gained Y1 to Y156 on news reports that Sanwa Bank, its main creditor, and other banks will be extending credits to finance a restructuring of the troubled Oil concern to save it from possible bankruptcy. Sanwa Bank was unchanged at Y401.

Hong Kong

Stock prices went into a fresh slide yesterday in active dealings as the Hong Kong dollar weakened further and the interest rate outlook grew gloomier.

The Hang Seng index opened steady as **Henderson Land** shares made a successful debut, but soon the selling orders flooded in, sending the market indicator down 34.21 on the day to 1,698.73. It was the first time the index has fallen below 1,700 for a month. Combined turnover was a strong HK$698.4m.

A herd instinct took possession of the market, a broker commented, with most small investors unloading holdings in the wake of predictions that interest rates can only go higher in the near-term or remain at current high levels. A rate rise last Friday has failed to stop the Hong Kong dollar's slide against the U.S. unit.

Brokers have started talking of 1,680 as the next test level for the index, with few prospects for an improvement soon. Another interest rate boost today to further prop the Hong Kong dollar could seriously hurt shares, according to brokers.

The new fully-paid **Henderson** shares opened firm at HK$4.50 before slipping with the market to close at HK$4.32. The issue price was HK$4.

Germany

Stocks generally gained further ground in lively trading, with brokers saying that domestic investors had started to join foreign buyers in boosting the market. The Commerzbank index put on 5.3 more to 738.0 for a two-day rise of 13.2.

Engineerings continued to attract a good deal of buying, **GHH** advancing DM 3.50 and **KHD** DM 3. **Linde**, however, closed DM 1.50 off at DM 353, after DM 356.50. Among Electricals, **Brown Boveri** rose DM 15 to DM 290 in a thin market, while **Siemens** gained DM 3.30.

Paris

The rally observed on the Paris Bourse earlier this week resumed yesterday after the market caught its breath on Wednesday. The movement took French share prices higher across a broad front in active trading, and the Indicateur de Tendance index added 1.5 at 94.4. Observers were unable to pinpoint any single factor behind yesterday's buying.

Traders noted that the market's resilience was somewhat paradoxical, since operators were squaring their positions ahead of the new monthly trading Account, which begins today.

Advances led declines 144 to 44 in the French section, but International issues mostly lost ground, with falls outnumbering gains 45 to 13.

The market indicator rose 12.8 per cent since the beginning of the monthly Account which ended yesterday, and is currently only 6.5 per cent below its level of December 31 after having been down 25 per cent following the French Presidential Election in mid-May.

Singapore

On the heels of further poor performances in Hong Kong and Tokyo, Singapore share prices moved sharply and broadly lower in the third major fall in the past four sessions. The Straits Times Industrial index receded 30.13 to 830.97, leaving it over 140 points below the record 973.26 set about a month ago.

Property and Bank shares were among the hardest hit. Selangor Properties and Singapore Land each fell 80 cents to S$9.60 and S$12.70 respectively, while Banks issue OCBC dipped 70 cents to S$11.60.

One broker noted a report in the Malaysian Press quoting Mahathir Mohamad, Malaysia's recently installed Prime Minister, as saying investors were focusing on the wrong sectors of the economy, namely the stock market and real estate.

Australia

Shares tended to ease afresh although the tone became somewhat firmer later as encouraging consumer price index figures helped entice buyers back to the market.

BHP recouped an initial decline of 15 cents to close unaltered at A$13.85 after reporting the spudding in of the first well in its new Bass Strait drilling programme. The company's annual results are due today.

CSR firmed 10 cents to A$5.5 after announcing discovery of a 212m tonne brown coal field in the Mannum district, East of Adelaide.

NEW YORK

Stock	July 22	July 21
Burroughs	36¼	36⅞
CBI Inds	51	51¼
CBS	57	57⅝
CPC Intl	30⅛	31
CSX	52½	52¾
Campbell Red L.	15¼	15½
Campbell Soup	27½	27¾
Campbell Tagg	33⅛	33
Canal Randolph	35	35
Can. Pacific	41	41
Carlisle Corp	37⅝	36¾
Carnation	30⅝	31
Carp Tech	47¼	47¾
Carter Hawley	18½	18¾
Caterpillar	62¼	62⅜
Celanese Corp	61½	62⅞
Centex	29¼	29¼
Central & Sw	14½	14½
Central Soya	11½	11¾
Central Tel Util	30⅞	30⅝
Certain-teed	16⅛	16¼
Cessna Aircraft	29¾	30½
Champ Home Bld	2⅝	2⅝
Champ Int	25⅞	25¾
Champ Sp Plug	10¼	10⅛
Charter Co	10¾	11
Chase Manhatt'n	50	50⅜
Chemical NY	52¼	52¼
Cheese Pond	35⅛	35⅜
Chicago Pneum	22½	22¼
Chrysler	6⅞	6⅞
Chubb	43	43¼
Cincinnati Mil	36⅝	36
Citicorp	24⅛	24¼
Cities Service	55	59
City Investg	24⅝	25⅛
Clark Equipment	31⅜	31½
Cleve Cliffs Iron	35¾	35½
Clorox	11⅞	11⅞
Cluett Peaby	13⅛	13¼
Coca Cola	32⅜	33
Coca Btl. N.Y.	9⅞	10
Colgate Palm	15½	15⅛
Collins Aikman	11⅜	11¾
Colt Inds	63¼	63¼
1st Penn	4½	4⅝
Fisons	2⅝	2⅝
Fleetwood Ent	10⅞	11
Flexi-Van	19⅛	20½
Florida Pwr & L	29¼	29⅛
Ford Motor	21⅞	22
Foremost Mck	35	36
Foster Wheeler	16¾	16⅞
Foxboro	47¾	47
Freeport McM	33	32⅝
Fruehauf	26¼	26¼
GAF	13¾	13¾
GATX	36	36⅛
Gannet	38⅞	39
Geico	25⅞	26¼
Gen Am Invest	18⅜	18
Gen Cinema	35⅝	35¼
Gen Dynamics	26⅜	27¼
Gen Electric	59½	59⅞
Gen Foods	31⅛	31¼
Gen Instrument	103½	104
Gen Mills	33⅞	34½
Gen Motors	47⅞	47¾
Gen Portland	41⅞	43½
Gen Pub Utilities	5	4⅞
Gen Signal	42¼	42⅞
Gen Telep Elec	28½	28⅝
Gen Tire	26	25⅝
Genesco	8½	8¾
Genuine Parts	33¼	33¾
Georgia Pac	24⅛	24⅞
Geosource	55⅜	55
Gerber Prod	30	29¼
Getty Oil	69⅞	72¼
Giddings Lewis	23¼	23¼
Gillette	30⅜	29⅞
Global Marine	24⅝	25⅛
Goodrich (BF)	23½	23½
Goodyear Tire	18⅝	18½
Gould	27¾	27¾
Grace	46¾	46¼
Grainger (WW)	40	40⅜
Louisiana Pac	22⅞	23¾
Lowenstein	31	30⅞
Lubrizol	25½	26⅝
Lucky Strs	15	15⅛
M/A Com. Inc	26⅝	26½
MCA	47½	48⅞
MacMillian	14⅞	15
Macy	56½	57¾
Madison Fund	19⅝	19⅝
Mfcrs Hanover	34	34⅝
Mapco	36⅝	37
Marathon Oil	65⅝	70¼
Marine Mid	18⅜	19
Marriott	39⅛	39⅜
Marsh McLenn	37⅛	37½
Marshall Field	15⅝	16⅛
Martin Mtta	58¼	59⅛
Maryland Cup	34¼	35
Masco	35⅝	35⅞
Massey-Fergn	2⅞	3
Mass Multi Corp	16⅜	16¼
Mattel	7¾	7⅞
May Dept Strs	27½	27⅝
Maytag	27¼	27⅛
McCulloch	16	15⅜
McDermott (JR)	34½	33
McDonald's	60¾	62½
McDonnell Doug	34½	34⅝
McDonough	44½	44½
McGraw Edison	43	43
McGraw-Hill	49¾	49½
McLean Trukg	9⅜	9½
Mead	27½	28½
Media Genl	37	37⅛
Medtronic	35	35½
Mellon Natl	36½	36¼
Melville	42½	42¾
Memorex	9	9½
Mercantile Sts	46½	46¾
Merck	89⅞	91¾
Meredith	58⅝	59
Merrill Lynch	34½	35½
Rank Org. ADR	2⅝	2⅝
Raytheon	42	42
Reading Bates	35⅝	37⅞
Redman Inds	11⅜	12
Reeves Bros	38¼	37¾
Reichhold Chem	13⅝	13⅞
Reliance Group	86¾	87½
Republic Steel	27⅛	27⅝
Rep of Texas	40⅜	41
Resch Cottrell	13	13
Resort Intl A	20¼	20¼
Revco (DS)	35	35¼
Revere Copper	21¾	22
Revlon	39⅞	39⅝
Rexnord	16⅛	16⅜
Reynolds (RJ)	46¾	46¾
Reynolds Mtls	31¾	31¾
Rite Aid	31¼	31¼
Roadway Exps	44	44
Robins (AH)	10⅞	11¼
Rochester Gas	13	13⅛
Rockwell Intl	33⅝	33½
Rohm & Haas	65⅛	65½
Rollins	17⅝	17½
Rolm	32	33⅛
Roper Corp	14⅞	14½
Rowan	16⅝	17¼
Royal Crown	14⅝	14¾
Royal Dutch	32¾	32½
Rubbermaid	33	33
Russel Styr	16¼	16⅝
Ryan Homes	21¼	21⅜
Ryder System	33⅝	33½
SFN Companies	22¾	23
SPS Technol'gies	31⅛	31⅛
Sabine Corp	50½	49⅜
Safeco	37⅞	38⅛
Safeway Stores	29⅛	30
St. Joe Minerals	38	39
St. Paul Cos	44⅜	44⅝
St. Regis Paper	35½	34⅞
Sante Fe Inds	25⅛	25
Sante Fe Intl	24⅞	24⅝
Saul Invest	8½	8¾
Saxon Inds	5⅝	5¾
Scheinrg Plough	32½	33¾
US Trust	27	27¼
Utd. Technolgs	48⅛	48¼
Utd. Telecomms	19¾	20
Upjohn	55	54⅛
VF	35⅝	35⅞
Varian Assocs	29⅛	29
Vernitron	14¾	14⅝
Virginia EP	11⅜	11½
Vulcan Matrls	49	49¼
Walker (H) Res	27	27⅛
Wallace Murray	47½	47½
Wal-Mart Stores	34¾	34¾
Warnaco	25	25
Warner Comms	48⅝	48⅞
Warner-Lambt	20⅜	20¾
Washington Post	24	24⅛
Waste Mangt	34¾	33⅜
Weis Mkts	35¼	35½
Wells Fargo	31⅜	31⅞
W. Point Peppl	45⅛	45⅞
Western Airlines	10¼	10¼
Westrn Bancorp	38¾	39⅛
Westn. Nth. Amr.	28¼	27¾
Westinghouse	28⅞	28⅞
Westvaco	23⅝	24⅜
Weyerhaeuser	33⅛	33
Wheelabratr F	46⅝	48
Wheeling Pitts	34½	35
Whirlpool	25⅝	26⅜
White Consoltd	32¾	32½
White Motor	1⅜	1⅜
Whittaker	41⅛	40½
Wickes	14⅛	14⅛
Williams Co	28⅜	29¼
Winn-Dixie Str	33	33⅜
Winnebago	4¼	4⅝
Wisc Elec Power	24⅝	24¾
Woolworth	22⅜	24
Wrigley	37¼	38¼
Wyly	10⅜	10¾
Xerox	48¾	50¼
Yellow Frt Sys	19⅝	19⅝
Zapata	28¼	27⅞
Zenith Radio	16½	16⅜

Indices

NEW YORK —DOW JONES

	July 22	July 21	July 20	July 17	July 16	July 15	1981 High	1981 Low	Since Cm'pil't High	Since Cm'pil't Low
Industr'ls	924.66	934.46	940.54	958.90	965.48	954.16	1024.05 (27/4)	924.66 (22/7)	1051.70 (11/1/73)	41.22 (2/7/32)

CANADA

Stock	July 22	July 21
AMCA Intl	23	23⅝
Abitibi	25½	26⅛
Agnico Eagle	10¾	10⅞
Alcan Alumin	31¾	32¼
Algoma Steel	42¾	43½
Asbestos	41	40¾
Bk Montreal	28⅞	28⅞
Bk Nova Scotia	27¼	27¼

BELGIUM (continued)

July 23	Price Frs.	+ or —
Petrofina	3,770	—50
Royale Belge	3,930	......
Soc Gen Banq.	1,660	—10
Soc Gen Belge	932	—18
Sofina	2,310	—70
Solvay	2,015	+5
Traction Elect.	1,750	—55
UCB	1,156	......
Union Miniere	602	—2

HOLLAND

July 23	Price Fls.	+ or —
ACF Holding	81.5	—0.4
Ahold	71	+0.6
AKZO	23.9	—0.2
ABN	294.5	—2.5
AMEV	86	—0.5
AMRO	52	—0.4
Bredero Cert.	185.5	—2
Bos Kalis	75.5	

AUSTRALIA

July 23	Price Aust. $	+ or —
ANZ Group	5.3	—0.02
Acrow Aust	1.35	......
Allstate Expl	0.7	—0.05
Ampol Pet	1.45	+0.05
Assoc. Pulp Pap.	2.32	—0.05
Audimco	0.22	......
Aust. Cons. Ind.	1.87	+0.01
Aust. Guarant.	2.05	......
Aust. Nat. Inds.	2.95	—0.03
Aust Paper	1.9	+0.05

JAPAN (continued)

July 23	Price Yen	+ or —
Kubota	352	—1
Kumagai	337	......
Kyoto Ceramic	4,100	+40
Lion	390	......
Maeda Cons	580	—3
Makita	905	+15
Marubeni	340	......
Marudai	708	......
Marui	926	+1
Matsushita	1,720	—10

AUSTRALIA

	July 23	July 22	July 21	July 20	1981 High	1981 Low
All Ord. (1/1/80)	642.8	644.8	656.5	666.7	737.3 (6/4)	641.1 (17/7)

COMMODITIES AND AGRICULTURE

MPs call for end to battery egg system

BY RICHARD MOONEY

THE BATTERY cage egg production system should be phased out in the UK over the next five years, a Parliamentary select committee recommended in a report* published yesterday.

It also called for an end to the practice of rearing veal calves in crates and keeping breeding sows in confined stalls.

The House of Commons select committee on agriculture, which took oral evidence from 86 witnesses and received written evidence in 61 letters, came to the conclusion that more weight should be given to animal welfare questions in ministerial and official thinking.

On battery hens its said: "Agreement should be sought in the European Community to a statement that after, say, five years egg production will be limited to approved methods which will not include battery cages in their present form."

The committee found it difficult to accept that birds confined in battery cages could adequately satisfy their behavioural needs and that a more humane system could not be devised.

Similar recommendations were made regarding the veal crate system. An EEC ban should be sought and efforts should be made to convince the catering trade of the advantages of loose-housed veal, the committee said. In addition consumers should be made aware of the production system used through labelling, it added.

Steps should be taken to relieve frustration and boredom suffered by sows tethered or kept in stalls, the report said. Alternative methods of confining pregnant sows should be developed and the present system phased out.

Mr Peter Walker, the Minister of Agriculture, praised the committee for producing "a thoughtful and wide-ranging report" and said he would give a formal response in due course.

The National Farmers' Union thought the report made a significant contribution to the animal welfare debate but had serious reservations of some of its recommendations.

"We completely oppose the abolition of the battery cage system," said Sir Richard Butler, the NFU president. The system was humane and had worked well, he maintained. "The poultry industry demands its retention," he declared.

"Any other system is bound to result in greatly increased egg prices."

The union also questioned the viability of the committee's recommendations of pork production.

A suggestion that £167m should be spent on giving hens more space in battery cages while the search for a new system went on was strongly opposed by the British Poultry Federation.

"This will be money down the drain if Ministers conclude that the battery system should be phased out," said Mr John Maunder, chairman of the BPF.

He said the Government should encourage more research into alternative systems and that no changes should be pushed through in the meantime.

Animal Welfare in Poultry, Pig and Veal Calf Production, HMSO, price £4.90.

EEC subsidy for school milk

By Our Commodities Staff

BRITISH schoolchildren could soon be drinking cut-priced milk thanks to an agreement reached in Brussels.

Mr Peter Walker, the Minister of Agriculture, announced in a written Parliamentary answer yesterday that an EEC subsidy was to be made available to enable local authorities to sell cheap milk in schools. The EEC farm fund will provide £3 of subsidy for every £1 spent by the authorities to bring the price down.

Mr Walker forecast that the scheme would result in milk available in schools being doubled or trebled. It could also mean a £15-£20m inflow of Common Market funds into Britain, he said.

In a joint statement the National Farmers' Union, the Milk Marketing Board and the Dairy Trade Federation warmly welcomed the announcement. They estimated the EEC subsidy would be worth 8.75p a pint.

The industry will be making a concerted effort to explain the advantages of the new scheme to local authorities and schools, they said.

Farmer's Viewpoint

UK grain: weighty matters to ponder

SPEAKERS AT a Home-Grown Cereals Authority lunch last week were very careful not to prophesy the harvest yields. Their caution was well advised. The first reports of this year's harvest have been very mixed, with very few farmers reporting the sort of yields which they have claimed the last couple of years.

Combining has started on winter barley in most southern counties and there are reports of yields being down by half a tonne or more an acre. Instead of a fair average crop turning in 45 cwt an acre the outturn has been nearer 35 with some saying that yields are much lower than this. Bushel weight is well down too. This means that the weight of a bushel of grain is below the acceptable norm of 51 lbs. One merchant told me that he had received bushel weights as low as 44 lbs.

The effect of this is to make the grain unacceptable for the export trade for which a good deal had been sold forward. Some merchants have been caught short for this reason, and I heard that to satisfy one bargain which had been fixed at £91 per tonne ex farm, £94.50 had to be paid for grain of the higher bushel weight to replace it. It is almost unheard of for the price of grain to rise at harvest time and this is an indication of a difficult market.

The fall in yields has caught some farmers very much by surprise. For some years now yields of winter barley had been on a rising trend. Systems were developed which made the fullest use of the many chemicals on the market. These chemicals certainly controlled the diseases that they were supposed to but it now looks as though they were not enough, certainly for the early maturing crops.

I think myself that the last three or four years have produced good cereal yields for reasons which are not properly understood. This had the effect of masking the problems which farmers were building up for themselves by disregarding the elementary rules of crop rotation to avoid a build-up of disease.

The incidence of disease has not been confined to farmers who disregard rotations, however. Whole districts have been growing cereals almost 100 per cent, and infections are no respecters of field boundaries.

The season has also played its part. The autumn-sown crops kept on growing through most of the winter and were this spring extremely lush, helped by a mild temperature and good doses of fertiliser.

In these conditions the spread of disease was much encouraged. It is also possible that the lush growth exhausted the plant's reserves before the grain-bearing ears could have been properly developed. Although by my own crops of winter barley have not yet been harvested the grain does not seem to have filled out as well as I would have liked.

A virtual drought in the south for the last six weeks must have had an influence and will I am sure have an effect on wheat yields. Wheat is still a month from harvest but the auguries are not good.

I was very struck when visiting French grain growing areas recently to find that farmers who have the means are making provision for irrigation. They are laying particular stress on the need to irrigate wheat in late June and early July when the grain is filling. Last year's miserable British summer when most of June and July were quite wet produced good yields much better than anyone ever thought they would.

Superficially wheat crops are beginning to show signs of disease, with discoloured leaves and an overall look which can only be described as anaemic. There are patches of white where the stems and the ears have died prematurely. The advisory services have been warning of attacks of various fungus diseases since the early summer and many farmers have been using chemicals to check them over the whole growing season.

Several farmers have told me that the chemicals they have used do not seem to have made much difference to the attacks of disease especially in the later weeks of growth. The real answer is probably that the chemical treatment of growing cereal crops has not yet been thoroughly evaluated. That even if yields have been increased by their use the cost both for the chemical and its application has exceeded the increase in yields. In farming it is the margin of profit on the crop and not the yield which is the vital factor.

If the yields of wheat and spring barley follow the pattern that winter barley appears to be taking, it will make a marked difference to farmers' attitudes to the practicalities of rotation once again and also to their expenditure on chemicals. Some of the high-input systems will be very much in question.

Grain markets should be interesting, too. Last year's harvest was about 19.2m tonnes. A 10 per cent drop in the harvest yield would bring it down to 17.3m tonnes. This was the best of previous yields. Should there be an average fall of 15 per cent the harvest would be about 16.4m tonnes, nearly 3m down on last year.

Last year Britain exported with the help of EEC subsidies around 3.2m tonnes of barley and wheat. It is doubtful if the export trade will be as busy this time.

John Cherrington

More offers to buy U.S. butter mountain

BY NANCY DUNNE IN WASHINGTON

WHILE New Zealand is considering relieving the U.S. of 200m lbs of Government-owned surplus butter, other potential buyers have appeared on the scene.

High Department of Agriculture officials are saying that inquiries have been received from Egypt, Saudi Arabia and even representatives of the European Economic Community, which like New Zealand, would presumably buy American butter to uphold the market.

Meanwhile, Mr John Block, the U.S. Secretary of Agriculture, has made plain in several public appearances his desire to sell the butter to whichever customer pays the best price. When the Agriculture Department first proposed the sale in th spring, it was to be sold through competitive bids to brokers and exporters. The State Department convinced President Reagan to veto the proposal because the subsidised butter would most likely have made its way to the Soviet Union or other Eastern European countries, where there are shortages, at prices lower than Americans pay.

It is thought there that Mr Block might now ask the President to reconsider his decision. The U.S. has about 480m lbs to sell. When the sale was first figured to recoup about $1 a proposed, the department lb.

New Zealand is said to be offering from 75c-85c a lb, and although it may promise not to sell American butter directly to the Soviet Union, it is understood that the Soviets may now have New Zealand butter made available that they could not have otherwise obtained.

This large U.S. surplus could be the last. It results from the domestic dairy price support, which because it has been increasingly expensive, is in some political trouble.

The cost of the programme has skyrocketed from $1.3bn in fiscal 1981 and will go to an estimated $2bn or more in 1982. With these estimates in hand, the Administration succeeded in convincing Congress to block an increase in the support price due to go into effect last April.

Now, in the Farm Bill under consideration, the Administration has asked for—and may well get—a lower support level.

Meanwhile, the Reagan Administration, which complains of expensive government programmes, has a difficult political decision ahead. It can sell butter on the open market and risk "sending the wrong signal" to the Russians, as the State Department fears, or it can stake its losses by selling to third parties, knowing full well the Soviets will still get the butter they want.

Speculators push up tin price

By Our Commodities Staff

THE UPSURGE in world tin prices continued yesterday with the cash position on the London Metals Exchange finishing £140 up at £7,795 a tonne.

Dealers said the rise, which has lifted the price more than £1,000 a tonne in eight trading days, reflected determined buying from a single source which encouraged general speculative activity.

Lead was also boosted by speculative buying though the bullish tone was confused by rising hopes of a settlement at Amax's Missouri operation. After an erratic day's trading cash lead ended £6.25 up at £438.75 a tonne.

The Amax hopes and better prospects for a return to work at a strike-hit Irish mine also affected the zinc market. Cash zinc closed £11 down on the day at £457 a tonne.

The copper market was very quiet with cash copper wirebars ending £0.75 down on the day at £902.75 a tonne.

Demand for tax on Dutch glasshouse produce

FINANCIAL TIMES REPORTER

AN IMMEDIATE tax on all Dutch horticultural produce coming into Britain was demanded yesterday by UK glasshouse farmers, many of whom face bankruptcy because of what they say are unfair and illegal imports.

Mr Tony Stevenson, spokesman for Lee Valley Growers, which represents 300 glasshouse farmers, said Agriculture Minister Mr Peter Walker had to decide if he wanted a British glasshouse farming industry or not.

"If he doesn't he must say so and we will all quit. But, if he wants us to survive he must immediately introduce a tariff on all Dutch horticultural imports coming into this country with the aid of unfair and improper aid from the Dutch Government."

Next week, hundreds of glasshouse growers from the Lee Valley, Humberside, Kent and West Sussex areas are to lobby MPs at Westminster to try to force them into taking action, said Mr Stevenson.

The growers are angry that nothing has been done to counter the cheap produce from Holland which in many cases is being sold at below the UK production cost.

The Dutch Government have been giving their growers cheap fuel, and although the price has now been raised slightly because of the threat of EEC legal action, they still have about a £10,000 per acre cost advantage over their British rivals.

The UK Government gave growers a 5p a gallon subsidy earlier this year but the price of fuel, the biggest cost to the glasshouse industry, has already gone up by 10p a gallon since the beginning of the year.

Dutch cucumbers have been selling in the wholesale markets from 30p a box when British producers need at least £2 a box to cover their costs.

And because the Dutch have been "unloading" tomatoes in Britain, market prices have slumped and UK producers are unable to recover their costs.

Shellfish warning

UNWANTED SHELLFISH carelessly thrown into the sea by holidaymakers could spell disaster for Britain's fast-growing oyster fishing industry.

A special appeal was directed to all holidaymakers, both in Britain and to those returning from the Continent, not to dispose of unwanted shellfish into the sea or inland waters that lead to the sea by the Ministry of Agriculture and Fisheries yesterday.

Britain's once-thriving oyster fishing industry is on the threshold of a commercial revival after 75 years in the doldrums.

But scientists warn that this revival could be short-lived if pests and diseases that prey on oysters and other shellfish, and which are particularly prevalent on the Continent, are allowed to penetrate the UK's newly-developed oyster fishing grounds.

BRITISH COMMODITY MARKETS

BASE METALS

Tin rose to £7,670 on the London Metal Exchange before easing to close at £7,640 as demand for cash metal widened the backwardation to around £100. Lead touched a high of £443 before closing at £438 and zinc £477 prior to a close of £469.5. Copper closed at £930.5, nickel at £3,302.5 and aluminium at £658.5.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7670-5	+67.5	7790-800	+140
3 months	7650-5	+70	7690-5	+65
Settlem't	7675	+65	—	...
Standard				
Cash	7670-5	+67.5	7790-800	+140
3 months	7650-5	+78	7690-5	+65
Settlem't	7675	+65	—	...
Straits E.	$32.33	+0.35	—	...
New York	—			

[illegible]

GRAINS

SUGAR

SILVER

COCOA

COFFEE

RUBBER

SOYABEAN MEAL

GAS OIL FUTURES

WOOL FUTURES

COTTON

POTATOES

PRICE CHANGES

In tonnes unless otherwise stated.

MEAT/VEGETABLES

AMERICAN MARKETS

Wednesday's closing prices

EUROPEAN MARKETS

INDICES

FINANCIAL TIMES

DOW JONES

MOODY'S

REUTERS

Companies and Markets

LONDON STOCK EXCHANGE

Government stocks extend rally despite interest rate uncertainties but equities end Account on drab note

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 13	July 23	July 24	Aug 3
July 27	Aug 6	Aug 7	Aug 17
Aug 10	Aug 26	Aug 27	Sept 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Continuing interest rate uncertainties and the confusing situation in international financial markets failed to check fresh enthusiasm for Government securities yesterday. The extended recovery in this area and a certain amount of specialist investment activity for equities were the only features in a colourless final session of the trading Account on the London stock exchange.

Stock shortage again contributed to the rise in Gilt-edged with genuine demand continuing to be rather modest. The volume of business was less than on Wednesday, but both short and longer-dated Gilts displayed fresh gains extending to ½ with the accent yesterday probably more on the nearer maturities. The Government Securities index followed the previous day's rise of 0.69 with a gain of 0.19 to 64.00.

Leading shares again took their cue from British Funds and, after opening a shade lower in places, went better to close marginally firmer on balance. Oils were one of the few outstanding sectors, interest being additionally spiced by speculative hopes about bid possibilities in the wake of the fierce U.S. battle for control of Conoco. Electricals also claimed attention ahead of today's British Telecom Bill with Plessey especially firm at 346p, up 11.

"New-time" buying of equities was negligible, but inquiries increased after the official 3.30 pm close when business is permitted without penalty for the Account starting today. No business of substance developed, however, and the FT Industrial Ordinary share index closed below the day's best at 518.6 for a net gain of 1.6. Hawker Siddeley became an isolated late casualty, falling 14 to 306p following adverse reports.

Small demand in a restricted market forced Antofagasta Railway up to £93 before a close of 7 higher on balance at £92.

Traded options attracted 1,975 deals—1,614 calls and 361 puts. Once again, Imps were actively traded with 426 calls completed, while BP recorded 324 calls and 145 puts.

Talk that the Subelectro issue, handled by Tring Hall Securities, had not gone well unsettled Stanelco which shed 12 to 70p. Euroflame, also in the Tring Hall stable, lost 3 to 48p. Elsewhere, in the Unlisted Securities Market Consultants (Computer and Financial) dropped 15 to 93p.

Grindlays good late

Overseas banks were notable for a late speculative flurry in Grindlays, which put on 8 for a two-day jump of 22 to 240p. The major clearing banks, dull during the "House" session, picked up in after-hours dealings to close with minor losses. NatWest, interim results next Tuesday, finished 4 cheaper at 412p, after 410p.

The undertone in Composite Insurances remained firm, but gains were modest.

No comment.

Leading Buildings edged higher in thin trading, **Blue Circle** hardening 2 to 456p and **London Brick** a penny to 64p. Elsewhere, **John Finlan**, still awaiting the outcome of talks with an unnamed party, added 5 for a two-day gain of 11 to 163p, while **Tilbury Contracting**, a thin market, touched 255p before closing 3 dearer at 250p following a Press mention. **Beechwood Construction** firmed 2 to 66p despite the chairman's none-too-optimistic remarks at the annual meeting, while **Y. J. Lovell** improved a penny to 246p in response to the increased interim profits and dividend.

A couple of pence easier for most of the session, **ICI** drifted off in late dealings to close 4 cheaper at 260p. Among other Chemicals, **Plysu** gained 7 to 99p following the annual meeting, while **International Paint**, a rising market recently on speculation about Courtaulds' intentions towards the company, added 2 more to 200p.

Business in leading Stores was of a two-way nature and more substantial than of late; a firmer tone was evident after the "House" close, but most still ended with modest falls. Annual profits from **MFI Furniture** proved to be a shade better than a nervous market had expected and the close was 2 dearer at 62p. Other secondary issues held close to the overnight positions, although **Cornell Dresses** again stood out with a gain of 5 at 170p.

Electricals firm

Leading Electricals made a particularly good showing, buyers showing interest ahead of today's British Telecom Bill. Underlying sentiment was also helped by British Telecom's £15m order for optical fibre for its trunk telephone network. Plessey stood out at 346p, up 11. GEC rose 8 to 733p, while STC gained 10 to 465p and Telephone Rentals continued to make headway with a fresh gain of 8 at 393p.

With the exception of a late reaction in Hawker to 306p, down 14, on vague adverse reports emanating from a broker's meeting with the company, leading Engineerings were rarely altered. Among secondary issues, Vosper were noteworthy for a rise of 10 to 135p in response to the recovery in half-year profits and the return to the dividend list. A broker's investment recommendation prompted demand for Haden Carrier which advanced 13 to 205p, but Howard Machinery, 25p, and S. W. Wood, 184p, both closed a penny or so easier following trading statements. Up to 193p initially, Davy Corporation reacted following the preliminary results to close only 3 dearer on balance at 186p. Continued demand left **G. M. Firth** 8 to the good at 128p, while further support lifted **S. W. Farmer** a similar amount to 178p, but Staveley, still reflecting the gloomy annual statement, fell that amount to 220p.

Up 13 on Wednesday on the announcement that the Government had quickly placed its 24 per cent stake in the company with various institutions, British Sugar encountered a useful two-way business and closed 4 dearer at 332p.

Kennedy Brookes firmed 3 to 110p, at which level dealings in the shares were suspended: the company moves over to the Unlisted Securities Market next week.

Morgan Crucible down

Leading miscellaneous Industrials traded quietly, but were inclined firmer in places. Elsewhere, **Morgan Crucible** fell 8 to 125p following comment on the company's proposed acquisition of Hydrotex, a U.S. lubricants concern. Still reflecting hopes of a counter-bid, **Letraset** were briskly traded and closed a penny firmer at 116p, after having touched 110p. **Cawoods** moved up 8 to 218p in sympathy with the advance in Oil shares, while satisfactory preliminary figures left **United Gas Industries** 2 firmer at 58p. **Valor** hardened a penny to 57½p on the encouraging tenor of the chairman's statement at the annual meeting. Revived demand lifted **Vinten** 8 to 304p. **J. Bibby** improved 6 to 298p and **AGB Research** 7 to 247p. Speculative interest left **Chubb** up 3 at 91p.

Oil shares continued the recent recovery movement, gains of 8 being marked against **BP**, 310p, and **Shell** 382p. **Tricentrol** and **Ultramar** improved 10 apiece to 272p and 500p respectively. Among the more speculative issues, **Century** advanced 11 to 78p and **KCA** 7 to 158p. **Premier** closed 6 dearer at 83p following the annual meeting.

Inchcape's annual profits proved to be much as expected but disappointment over the merely maintained dividend clipped 3 from the shares at 380p. Elsewhere in Overseas Traders, renewed bid speculation lifted **Tozer, Kemsley and Millbourn** 4 to 71p.

Investment Trusts were steady to a shade easier. Among Far Eastern counters, **Jardine Securities** gave up 9 to 167p, while **G. T. Japan**, 348p, and **Crescent Japan**, 338p, shed 4 apiece. **Allsa** encountered further profit-taking and closed 5 lower at 208p. Among Financials, **Britannia Arrow** added 2 for a two-day gain of 5 at 58p, while the more-than-doubled annual profits and dividend lifted **London Investment Trust** 2½ to 19½p.

Golds steady

Shippings were featured by **British and Commonwealth**, which advanced 13 to 315p on rumours of a broker's circular; **Caledonia** firmed 7 to 292p in sympathy.

Allied Textile continued to draw strength from the mid-term results and added 5 more to 148p. **Stirling Knitting**, annual results due next Monday, firmed a similar amount to 70½p.

Fears of possible increases in American interest rates continued to cast a shadow over the bullion price and to a lesser extent South African Golds.

Share prices generally held steady around their overnight levels ahead of the final batch of quarterly results, those of the Anglo American Corporation mines, and interim dividend declarations from Vaal Reefs, Western Deep, Southvaal, South African Land and East Daggafontein.

In the latter group, **Vaal Reefs** closed ½ easier on balance at £33, after £33½, while **Southvaal** edged up ¼ to £16 and **Western Deep** ½ to £21½. **South African Land** managed a gain of 5 to 185p, but **East Daggafontein** gave up 6 to 102p. Elsewhere, **Harmony** advanced 40 to 686p.

The Gold Mines index rose 2.3 further to 327.6, while the bullion price closed a net $3.5 cheaper at $407.5 an ounce.

Financials were highlighted by **Tanks**, which advanced 13 to 308p reflecting sizeable new-time buying. **Rio Tinto-Zinc** were active and recovered from 520p to close a net 2 firmer at 527p.

Australians sustained further widespread losses as overnight Sydney and Melbourne markets continued to retreat. Pancontinental dropped 10 to a year's low of 340p on further consideration of the proposed rights and scrip issues.

Tins were featured by **Geevor**, 5 up at 125p, reflecting the recent jump in the metal price. **Jantar** rose 3 to a 1981 high of 41p following the proposed rights and scrip issues.

In Coppers, **Messina** jumped 18 to a year's best of 355p in response to favourable Press mention.

FINANCIAL TIMES STOCK INDICES

	July 23	July 22	July 21	July 20	July 17	July 16	A year ago
Government Secs.	64.00	63.81	63.12	63.14	63.45	63.90	72.24
Fixed Interest	65.80	65.63	65.28	65.51	65.12	65.34	74.08
Industrial Ord.	518.6	517.0	512.2	514.0	523.7	529.3	487.0
Gold Mines	327.6	325.3	321.7	323.2	322.9	335.2	377.2
Ord. Div. Yield	6.09	6.11	6.16	6.16	6.05	6.00	7.44
Earnings, Yld.% (full)	11.67	11.71	11.81	11.81	11.60	11.57	18.05
P/E Ratio (net) (*)	10.75	10.70	10.63	10.63	10.82	10.85	6.57
Total bargains	19,003	19,158	20,216	16,852	17,550	16,451	25,655
Equity turnover £m.	—	194.15	110.66	115.27	171.07	143.64	129.95
Equity bargains	—	12,482	12,471	11,832	12,576	15,120	16,193

10 am 575.9. 11 am 517.1. Noon 518.2. 1 pm 518.3. 2 pm 518.2. 3 pm 518.8.

Latest Index 01-246 8026.

*Nil=9.80.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS / S.E. ACTIVITY

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (25/6)	63.12 (21/7)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (25/6)	65.12 (17/7)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (8/1)	268.6 (26/6)	558.9 (22/9/80)	43.5 (26/10/71)

	July 22	July 21
Daily Gilt Edged Bargains	178.4	173.5
Equities Bargains	80.9	90.5
Value	392.4	233.8
5-day Avrge. Gilt Edged Bargains	173.8	180.0
Equities Bargains	81.0	79.5
Value	299.0	269.1

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (32)

[illegible]

NEW LOWS (41)

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	81	—	12
Corpns., Dom. and Foreign Bonds	20	—	49
Industrials	182	218	989
Financial and Props.	70	96	331
Oils	31	19	44
Plantations	3	9	18
Mines	25	47	84
Others	25	75	82
Totals	443	472	1,681

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Sugar	332	+4	Messina	355	+18
Dowty	245	−11	Plessey	346	+11
Law Land	123	−6	Racal Electronic	414	+4
Letraset	116	+1	Rothmans	70½	−½
London Inv. Trust	19½	+2½	Tanks Con.	308	+13
MFI	62	+2	Tele. Rentals	393	+8

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in the SE Official List

Stock	No. of price changes	Wednesday's closing price pence	Day's change	Stock	No. of price changes	Wednesday's closing price pence	Day's change
Law Land	16	129	−5	First Nat. Fin.	12	23½	+1
Comm. Union	15	180	+1	ICI	12	264	+2
Dowty	15	256	−21	Tube Inv.	12	132	+2
British Land	14	93	−4	Hampton Tst.	11	119	+2
Firth (G.M.)	14	120	+6	Letraset	11	115	+3
Brit. Arrow	13	56	+3	LASMO	10	575	+12
Thorn EMI	13	450	−10	Royal Bk. Scot.	10	194	+5

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 20	July 31	Oct 22	Nov 2
Aug 3	Aug 14	Nov 5	Nov 16
Aug 17	Aug 28	Nov 19	Nov 30

For rate indications see end of Share Information Service

Call options were taken out in FNFC, Loraine, Howard Machinery, Keith Collins Petroleum, Turner and Newall, Tricentrol, Atlantic Resources, Premier Oil, W. E. Norton, Smith Bros., Kean and Scott, Woodside, Chubb, Town and City Properties, Weir, Hawley Leisure, BP new, Campari, Suter Electrical and Commercial Union. No puts were reported, but doubles were arranged in BP and the new, FNFC and ICI.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Thurs., July 23, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. July 22 Index No.	Tues. July 21 Index No.	Mon. July 20 Index No.	Fri. July 17 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (214)	343.33	+0.4	10.61	4.55	11.64	341.95	341.15	343.01	347.94	278.79
2 Building Materials (25)	293.13	+0.1	13.40	5.81	9.09	292.75	293.26	296.60	300.32	252.82
3 Contracting, Construction (28)	547.88	+0.2	17.32	5.18	6.71	547.03	549.54	553.75	558.78	413.88
4 Electricals (29)	1143.63	+1.2	8.04	2.40	15.02	1129.50	1124.64	1128.82	1136.06	797.65
5 Engineering Contractors (11)	485.88	+0.9	12.24	5.55	9.85	481.61	480.45	492.07	495.87	327.90
6 Mechanical Engineering (69)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (195)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (79)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (488)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (118)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (109)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	312.84	+0.4	—	5.82	—	311.68	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Thurs. July 23	Day's change %	Wed. July 22	xd adj. today	xd adj. 1981 to date
British Government					
1 5 years	106.62	+0.31	106.28	—	6.24
2 5-15 years	102.43	+0.36	102.06	—	7.69
3 Over 15 years	104.20	+0.51	103.67	—	8.95
4 Irredeemables	113.82	+0.36	113.41	—	7.27
5 All stocks	104.09	+0.39	103.68	—	7.42
6 Debentures & Loans	80.76	+0.41	80.43	—	6.11
7 Preference	61.58	−0.01	61.59	—	3.76

AVERAGE GROSS REDEMPTION YIELDS		Thurs. July 23	Wed. July 22	Year ago (approx.)
British Government				
1 Low Coupons	5 years	12.58	12.64	11.26
2	15 years	13.36	13.39	11.78
3	25 years	13.40	13.44	11.84
4 Medium Coupons	5 years	14.79	14.91	12.56
5	15 years	14.89	14.96	12.49
6	25 years	14.78	14.91	12.08
7 High Coupons	5 years	15.49	15.57	12.79
8	15 years	15.17	15.26	12.35
9	25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables		13.83	13.08	10.93
11 Debs & Loans	5 years	15.84	15.91	13.96
12	15 years	16.04	16.12	13.94
13	25 years	16.07	16.14	13.93
14 Preference		16.22	16.22	14.29

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1981. Q Gross. T Figures assumed. † Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* 9.31 9.71 ... 3.40
Clive Gilt Fd. (C.I.) 8.15 8.50 ... 15.53
*Prices on July 22. Next dealing July 30.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey
Intnl. Man. Fd. 245.0 266.5 ... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. $US9.63 — −0.14 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jly.) 88.4 88.5 ... 15.25

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	1981 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99⅞	99⅛	Treas. Variable '81‡‡	99⅞	......	14.00	14.26
100	99⅝	Exch. 12¾pc 1981‡‡	99⅝	+⅛	12.79	13.48
98	95⅞	Treas. 8½pc '80-82‡‡	97½	+⅛	8.70	13.53
96⅜	91⅞	Treasury 3pc '82‡‡	96xd	+⅛	3.12	10.50
107	100¼	Treasury 14pc '82‡‡	100¼	......	13.96	13.42
99⅝	98¾	Treas. Variable '82‡‡	99⅝	......	14.02	14.34
96	93	Treasury 8¼pc '82	95½	+⅛	8.63	13.43
96	93	Exch. 9¼pc 1982	95⅛	+⅛	9.72	13.81
95⅛	92⅜	Exch. 8¾pc 1983	94¼	+⅛	9.28	13.18
92¼	84⅞	Exch. 3pc 1983	91¼xd	+¼	3.28	9.87
99⅛	95⅜	Treasury 12pc 1983‡‡	96⅝	+⅜	12.41	14.31
99½	96¼	Treas. Variable '83‡‡	99½	......	14.04	14.23
94⅛	91¼	Treasury 9½pc '83	93½	+¼	9.89	13.67
101	97⅜	Exch. 13½pc '83	98⅝	+⅜	13.68	14.13
94⅛	91¼	Exch. 10pc 1983	92½	+⅜	10.81	13.75
88	84½	Funding 5½pc '82-84‡‡	87¼	......	6.30	11.55
96¼	92⅞	Exch. 11¼pc 1984	93¾xd	+⅜	12.00	14.24
103	98¼	Exchequer 14pc 1984	99	+⅜	14.14	14.39
82⅝	78½	Exch. 3pc 1984	81	......	3.70	10.78
98⅜	92⅜	Treasury 12pc 1984	93½	+⅜	12.83	14.57
107¼	100⅝	Treasury 15pc 1985	101⅝xd	+⅜	14.76	14.42
98⅝	91⅛	Exch. 12pc Cnv. '85	92½	+½	12.97	14.69
76	73¼	Treasury 3pc 1985	74⅝	+⅛	4.00	11.25
96	89⅜	Treasury 11½pc 1985●	90¾	+½	12.67	14.63
98⅜	91⅛	Exch. 12¼pc 1985	92½	+⅝	13.24	14.60
97⅛	89¼	Exch. 11¾pc '86	90⅝xd	+⅜	12.96	14.64
70	68	Treasury 3pc 1986●	68¼	......	4.36	11.64
97	90	Treasury 12pc '86	90¾	+⅜	13.22	14.70
88⅜	81⅛	Treasury 8½pc '84-86‡‡	82	+¼	10.36	13.60

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1981 High	1981 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
64	58	Agric. Mt. 5pc '59-89	60¾	......	8.33	13.30
29½	25	Met. Wtr. 3pc 'B'	25¼	......	12.45	14.68
114	98½	U.S.M.C. 9pc 1982	104	......	8.75	—
97¼	91	Do. without Warnts.	93½	......	9.77	17.10

Financial

1981 High	1981 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
101½	96¾	FFI 14pc '83	97¼	+½	14.40	15.37
92	88½	FFI(UK Fn)5½pcDb. '80-2	91½	......	6.13	15.61
83½	77	Do. 6¼pcDb. '81-84	79	+½	8.06	15.05
93	84½	Do. 10½pc Uns.Ln. '86	85½xd	......	12.28	15.05
92	80	Do. 11pc Uns.Ln. '88	80xd	......	13.75	15.30
92	80	Do. 11¾pc Uns.Ln. '90	80½xd	+½	14.60	16.02
94½	83½	Do. 12¾pc Un. Ln. 1992	86	......	15.30	16.15
64½	55½	Do. 7¼pcADeb. '89-92	56½	+1	13.16	15.75
62	54½	Do. 7¼pcADeb. '91-94	56½	+½	13.50	15.60
72½	65	Do. 9pc 'A' '91-94	66½	+½	14.26	15.70
70	62	Do. 8¾pcLn. '92-97	63	+1	15.16	16.05

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPERS, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

For Aberdeen Invs see Aitken Hume (Finance Land)

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a): not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

[illegible]

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 38

FINANCIAL TIMES

Friday July 24 1981

Duty-free sales provide BAA's profit

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH AIRPORTS Authority earned a trading profit of £37.9m in the financial year to March 31, four times greater than the previous year's £9.5m.

Retail concessions and sales of duty-free goods at its seven airports, provided all of the year's profit. Collectively, earnings in these areas totalled £41.9m, whereas "traffic" activities — landing fees, parking fees and other income from aircraft handling — lost £4m.

The BAA runs Heathrow, Gatwick and Stansted airports in the London area, and Prestwick, Glasgow, Edinburgh and Aberdeen in Scotland.

Mr Norman Payne, chairman, presenting the BAA's annual report yesterday, said 1980-81 was the 15th successive year of profits, although air traffic declined a little last year because of the recession.

The authority remains confident about the long-term outlook for civil aviation.

"Our programme for increasing capacity at South-East airports—Terminal 4 at Heathrow and, subject to planning permission, Terminal 2 at Gatwick—together with developments at Aberdeen, require a capital expenditure programe of £766m over the next five years," the report says.

"Even with landing fees held at their current levels in real terms, we shall need to borrow approximately 30 per cent of this to provide the airport capacity for adequate service to passengers, airlines and cargo shippers."

The report, which uses current cost accounting methods, shows that of the seven airports, only Heathrow and Aberdeen traded profitably, the others all incurring losses, mostly on the traffic (aircraft handling) side, with the concessions and duty-free goods sales earnings profits.

Total passenger traffic fell by 1.5 per cent in the year to just under 43.3m, while transport aircraft movements fell by 1 per cent to 550,000. Other aircraft movements (business aviation and training flights for example) fell by 13 per cent to 213,300.

BAA is critical of the Government's current airport security levy of £1.60 per passenger which is included in the ticket price. The report says the authority's own security costs last year cost £1.17 per passenger. The levy included 20p per passenger to make up a deficit in the previous year.

"During 1980-81, airlines at BAA airports thereby paid 23p more per passenger (£1.60 less 20p and £1.17) than was required to cover BAA's costs. Security costs at the 23 non-BAA airports average £1.39 for each of their passengers, while the average of all UK security costs was £1.28.

"The £1.60 levy rate continues until August 1, 1981, when it reduces to £1.50. During 1981-82, the BAA and other airport authorities will therefore again contribute a surplus to the fund which will mainly be used to meet the security costs of airlines who could recover them directly from their passengers in the first place instead of by the current circuitous levy system."

BAA is also concerned at the prospective length of the forthcoming Public Planning Inquiry into the proposed development of Stansted. A Government decision is not likely until 1983 at the earliest.

New planning applications, for an airport at Maplin (Essex) and for a fifth terminal at Heathrow have been "called in" by the Secretary for the Environment.

They will now be dealt with as part of the main Stansted inquiry.

BAA's fear is that these additional inquiries will be long-drawn out and greatly delay the date of any possible Stansted development.

Polish debt talks success in sight

By Peter Montagnon, Euromarkets Correspondent

POLAND and its international bankers expect "an early, successful conclusion" to their negotiations on rescheduling Poland's debt, according to a communique issued in Zurich yesterday.

The joint announcement followed a meeting between Polish officials and a task force of international bankers spearheading the debt talks.

At the meeting the task force explained to the Polish delegation the rescheduling proposals agreed on behalf of all the 460 banks involved.

Poland will take about two weeks to make a formal reply, but Mr Zbigniew Karcz, a senior Finance Ministry official, said yesterday that the proposals formed a good basis for discussion.

Details of the rescheduling plan have not been released, but they are understood to be along the lines suggested by U.S. banks in Paris last month.

This approach called on Poland to supply full information on its plans for economic recovery. Once this was provided a seven-year rescheduling of debts which fall due in the last three quarters of this year would be more or less automatic.

Mr Karcz said the amount involved was about $3bn (£1.6bn), somewhat higher than previous unofficial estimates to date.

Poland would be excused repayment of principal on its maturing debt until December 10 to allow it to assemble the necessary economic information.

The rescheduling agreement would not cover short-term debt, of which about $2bn is thought to have been outstanding at the start of this year.

Banks already have an understanding with Poland that short-term facilities will be maintained at a reasonable level.

Still apparently unresolved are questions over loans involving security. These include floating rate notes, as well as the copper mine development credits led by Chase Manhattan in 1975 and 1978, the repayment of which is linked to the proceeds of copper exports.

The task force is expected to set up its own adjudication procedures for loans such as these. But a number of bankers say Chase Manhattan appears increasingly resigned to the fact that it is unlikely to obtain special treatment

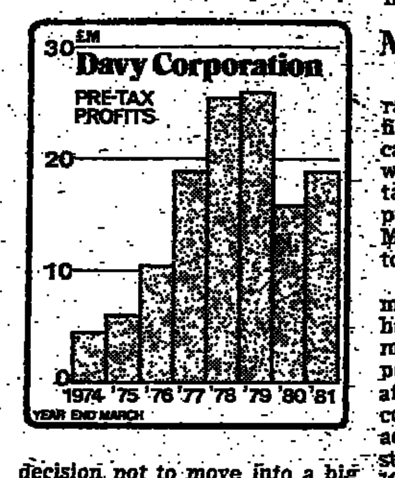
News analysis, Page 33
Bending rules of singe-party state, Page 2
Economic maze, Page 23

THE LEX COLUMN

Davy's contracting workload

Yesterday's figures showing institutional purchases of gilt-edged at £2.3bn in the first quarter, nearly three times the total for the fourth quarter of 1980, help explain why fund managers have been such reluctant buyers recently. But after its strong rally on Wednesday, the gilt-edged market made some further progress yesterday; some brave men were even switching out of index-linked into conventional stock, although this week's turning point still does not look absolutely decisive. Sterling's steadiness seems to owe a fair bit to Bank of England intervention, while in the money markets all eyes today will be on the £1bn Treasury bill tender.

Index rose 1.6 to 518.6



Davy Corp.

For the year to March Davy Corporation has reported pre-tax profits up from £15.9m to £18.7m, which looks a tolerably good performance, even if it is recalled that two years ago the group was making £26m. But the 1979-80 figure was struck after a £3m provision for losses arising in one of the U.S. businesses, whereas this year a host of debit items, mostly concerned with the reorganisation of Davy's UK manufacturing side and amounting to £7m before tax relief, appear below the line. Moreover, the £77m March figure for gross cash balances is probably not far off the average for the year, and with net cash of £36m Davy must have found that high U.S. interest rates gave a worthwhile boost to interest received.

The group's U.S. and German companies have performed well, and still have a decent order book, although Davy cautions against exaggerated expectations of what the U.S. Synfuels programme might mean to it. The UK-based contracting subsidiaries are finding it harder to get work; competition, especially from the Japanese, is intense, and the forward load of these companies is 25 per cent down on last year's level in value terms.

The Monopolies Commission is due to report quite soon on the bid for Davy from Enserch, which was worth around 190p a share in the New Year but now, thanks to the strong dollar, works out at more like 220p. Davy's dividend is unchanged at 6.7p for the second year running, which perhaps suggests confidence that the bid will be blocked. It also indicates a fairly cautious approach to the current year, as does Davy's decision not to move into a big new head office. With the shares up 3p yesterday to 186p, the prospective p/e on a full tax charge is a good 13 times, while the yield at 5½ per cent is below the market average.

Inchcape

The market was well prepared for disappointing figures from Inchcape in the year to March. Since late April the share price has fallen 20 per cent to 380p (including a 3p drop yesterday). And the results are indeed poor. After the 25 per cent rise in pre-tax profits in the first six months, there has been a 7 per cent decline in the second, leaving the full year outcome only £5.5m higher at £71.1m. More to the point, Inchcape has been making its profits in the wrong places, and the high tax charge leaves attributable earnings for the year 29 per cent lower at £24.9m.

Tough trading conditions in the UK in the second half have reduced the year's contribution here from £11.4m to little better than break-even. The other big decline has been in the Malaysian timber operations, which show a £6.3m turnround into loss. Toyota distributorships, particularly in South-East Asia, have been a continued area of rapid growth, accounting for much of the 38 per cent profits gain in the motor division.

But the group's heavy dependence on Toyota is no advantage at present, since demand for cars is sharply lower in Malaysia and Singapore and Toyota is losing market share. Pressure from this direction is likely to counterbalance most of the benefits from weaker sterling. Meanwhile, the dividend—which produces a yield of 7 per cent—is nowhere near covered by current cost earnings.

MFI

MFI has been careful not to raise the City's hopes after the fiasco of last year's profits forecast, and yesterday's figures were comfortably above expectations. Profits before tax and profit sharing for the year to May were down 27.5 per cent to £12.2m.

Stock control and the curtailment of deliveries to customers have helped to push net trading margins up by a percentage point between the two halves, after excluding the revenue costs of integrating the Status acquisition. But net margins are still at less than half their 1979 peak of 15.8 per cent, as well as being below those achieved by Status before the takeover.

The effect of MFI's emphasis on volume has been to keep sales per square foot at a very respectable level and there should be room for a further improvement in the former Status stores this year. With capital expenditure totalling only about half of last year's £18m in the pipeline, MFI should make a slight dent in its £19m debt load and profits before tax could well pass £15m even without any volume gains in the existing outlets.

This would leave the shares, which rose 2p to 62p yesterday, trading on 14 times fully-taxed prospective earnings. They are now close to the middle of this year's trading range and the market may decide to give MFI the benefit of the doubt. But the shares could easily run into selling at around 72p—the price at which the celebrated 1979 placing was executed.

Licensed dealers

The government has been hustled by the City of London into another look at the glaring inadequacies of the Prevention of Fraud (Investments) Act, a study which is badly needed. In just the same way, it was scrambled into action on the questions of insider dealing and of disclosure of interests in shares. But it would not do to get too smug about the sleepiness of Whitehall. The self-regulatory bodies would have to start worrying if a government ever started to take initiatives on company law, and each new raft of legislation limits in some way the City's freedom of action.

GLC set to raise rate demand by 120 per cent

By Gareth Griffiths

THE Greater London Council is set to increase its rate demand next year from the present 25p in the pound to 54p.

The move has angered the London borough councils, particularly the Labour-controlled ones, who are all up for reelection next year.

Mr Ken Livingstone, the Left-wing GLC leader, told a Labour group meeting of the London Boroughs Association on Wednesday that the size of the spending programmes submitted by GLC departments added up to a demand of 54p in the pound. For the average London ratepayer this will mean paying an extra £85 a year.

The increase represents an increase of 120 per cent on the existing GLC rate. However, in October there is already to be a supplementary rate increase which will raise the GLC rate to 36.6p in the pound. Ratepayers in the 12 inner London boroughs and the City of London face a further increase of 3.2p in the pound in October to be raised by the Inner London Education Authority.

Rates in London are collected by the 32 borough councils with the GLC instructing them on how much money it wants them to raise on its behalf.

The impact of the increased GLC demand will vary depending on the rate in the pound in each borough. For example, domestic ratepayers in Richmond this year have to pay 84p in the pound while in Lambeth they are paying 172p. Both figures include the GLC rate.

The GLC forecast by Mr Livingstone is based on an assumption that all the spending items submitted by departments would be implemented, but even members of the GLC Labour group suggest this will not happen.

The forecast, for example, includes an ambitious housing investment programme which is unlikely to secure central Government approval and a British Rail subsidy which officials privately are discounting.

But Mr Livingstone said yesterday there was virtually no chance of the GLC rate being less than double its existing level. He said there were so many imponderables at this stage that the forecasts should not be taken more seriously than opinion poll findings.

Mr Roy Shaw, the leader of the Labour group on the London Boroughs Association and leader of Camden council, said last night that the boroughs were angry with the GLC over making tentative predictions at this stage and in this manner.

The London boroughs, particularly the 12 inner boroughs, have been badly hit by the loss of government grant and have seen some of the highest rate increases in the country.

County to ignore request for spending cut, Page 6

Brazil fears hardship as frost hits coffee crops

BY ANDREW WHITLEY IN RIO DE JANEIRO AND RICHARD MOONEY IN LONDON

FROST DAMAGE in Brazil's coffee plantations will result in two years of severe domestic economic problems, a senior Government official said yesterday. Help for growers could cost billions of dollars.

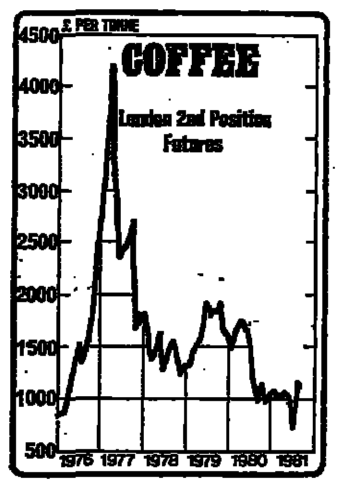
Next year's harvest would be reduced by more than half, he claimed. Hopes for a bumper crop in 1983 had been dashed by expected losses of up to 19m bags of 60 kg each—worth almost $2.5bn (£1.3bn) at today's prices. This would be the result of longer-term damage to the plants.

Most of this year's coffee harvest—expected to be the fourth largest ever at 32m bags—had been collected before frost struck last week.

But the Brazilian Coffee Institute (IBC) still believes that between 10m and 12m bags of coffee could have been destroyed.

London coffee traders were extremely dubious, however, about the IBC's estimates. World prices fell yesterday, reflecting this scepticism.

They thought damage to this year's crop would be negligible, and that probably not more than 10 per cent of the 1982 crop had been lost. The effect on 1983 production was "anybody's guess" they added.



A loss of 10m-12m bags from this year's crop would exceed the damage done in 1975 when Brazil suffered its worst-ever frost in coffee growing areas.

While in the short term, fears of coffee shortages following the frosts have provided a welcome boost in world prices, thus helping this year's balance of trade, Brazilian officials believe that medium-term domestic consequences for the Government's budget far outweigh this benefit.

One of the most serious effects of the recent cold snap is that it hit new coffee plantings in areas thought to have been virtually immune from this seasonal hazard. In the northern state of Parana, for example, officials say that up to 80 per cent of next year's crop has been affected.

The Finance Ministry confirmed yesterday that the Government would give special support to the country's coffee producers—who represent a powerful political lobby—to finance replantings.

The bill could run into several billion dollars.

Coffee prices rose sharply earlier this week following news of the frost. As a result, the Government is now unlikely to have to buy in the minimum 8m bags of coffee it has committed itself to taking, saving about $850m on this year's planned expenditure.

The initial response to the frost news was a rise of almost £300 a tonne on Tuesday. This was folowed by a modest £21 rise on Wednesday and £55.50 fall yesterday.

Seagram raises bid for Conoco

BY PAUL BETTS IN NEW YORK

SEAGRAM, the Canadian distiller, increased its bid yesterday for Conoco, the ninth largest U.S. oil company, which is at the centre of an unprecedented Wall Street takeover battle. Seagram now offers $92 a share for 51 per cent of the oil company in a deal worth $4.08bn (£2.2bn).

Both Du Pont, the chemical concern, which has an agreed bid in for the whole of Conoco worth $7.5bn, and Mobil Oil, which has made a contested $7.74bn offer, are also expected to raise their offers. Other major contenders, including Texaco, are expected to enter the contest shortly.

Seagram, which originally offered $85 a share for 51 per cent of Conoco, said yesterday that it was borrowing an additional $200m to finance its increased bid. The company said that it now had a total of $4.1bn available to finance its bid for Conoco.

The latest borrowings involve loans for $100m each from Manufacturers Hanover Trust and from Citibank.

Seagram's latest offer comes as the bidding battle for Conoco enters a crucial stage with the deadlines of the various offers closing in.

Although in terms of overall value both Mobil's and Du Pont's offers top Seagram's latest bid, the Canadian company believes it has a competitive edge on its rivals at this stage because its bid has been cleared by the U.S. anti-trust authorities.

This means that Seagram would be in a position to start paying Conoco shareholders who have tendered their shares to it as soon as the offer's withdrawal period expires at midnight on Friday next week.

Mobil, which is offering $90 a share for 51 per cent of Conoco and securities guaranteed to have a market value of $90 for the rest of the company, has already indicated that it plans to boost its bid.

Du Pont is expected shortly to raise its own bid, which involves $95 a share for 40 per cent of Conoco and 1.7 Du Pont shares for each remaining Conoco share.

Seagram said yesterday that a substantial number of shares had been tendered in response to its offer. But the total so far was less than the 44.35m Conoco shares it wanted.

Conoco shareholders can still withdraw shares tendered to Seagram and take up a competing offer.

Such switching is likely to make the battle for Conoco more hectic, and could be fuelled by the emergence of a new bidder like Texaco.

Sterling rate

Continued from Page One

usual time of about 3.00 pm because of the size of the offer.

In the foreign exchange markets, sterling was unchanged on balance against most other leading currencies, though slipping back half a cent against the dollar to $1.8555.

In his speech in London, Sir Terence stressed that an interest rates war would delay economic recovery. He also repeated the CBI's call for further cuts in the current spending of the public sector to allow scope for additional capital expenditure and tax reductions.

Onu trade with Japan, Sir Terence argued that "if the Japanese continued their laser-beam approach, concentrating on particular targets and virtually obliterating industries one by one, they would be exporting unemployment to the UK on a massive scale."

He therefore called for restraint by Japan on its exports and an opening up of its markets to manufactured goods from Europe.

Weather

UK TODAY

Cloudy, rain at times, heavy in West where there will be sunny periods.

London, SE and E England
Mainly cloudy, rain at times. Occasional gale force winds. Max 19C (66F)

S, SW, NW England, Wales, S Scotland
Showers, heavy in places. Local gale force winds but sunny intervals. Max 19C (66F)

Central Highlands, N Scotland, Orkney, Shetland, N Ireland
Sunny intervals, showers dying out. Max 18C (64F)

Outlook: Becoming dry with sunny intervals. Near normal temperatures.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	26	79	L. Ang.†	C	19	66
Algiers	F	27	81	Luxmbg.	F	16	61
Amsdm.	F	19	66	Luxor	S	38	100
Athens	S	33	91	Madrid	S	26	79
Bahrain	S	38	100	Majorca	F	27	81
Barclna.	C	26	79	Malaga	S	28	82
Beirut	C	27	81	Malta	S	27	81
Belfast	R	15	59	M'chstr.	R	13	55
Belgrd.	S	31	88	Melbne.	S	15	59
Berlin	S	27	81	Mx. C.†		—	—
Biarritz	C	17	63	Miami†	F	28	82
Bmghm.	F	15	59	Milan	R	22	72
Blackpl.	R	15	59	Montrl.†	S	14	57
Bordx.	C	18	64	Moscow	F	23	73
Boulgn.	C	15	59	Munich	F	25	77
Bristol	R	15	59	Nairobi	C	19	66
Brussels	F	18	64	Naples	S	28	82
Budpst.	S	29	84	Nassau		—	—
Cairo	S	31	88	Nwcstl.	R	12	54
Cardiff	C	15	59	N York†	S	19	66
Cas'b'ca	F	24	75	Nice	F	23	73
Cape T.	F	15	59	Nicosia	S	28	82
Chicg.†	S	18	64	Oporto	S	19	66
Cologne	C	17	63	Oslo	F	21	70
Cpnhgn.	F	20	68	Paris	F	17	63
Corfu	S	31	88	Perth	C	12	54
Denver†	F	17	63	Prague	S	25	77
Dublin	C	15	59	Reykjvk.	C	11	52
Dbrvnk.	S	27	81	Rhodes	S	27	81
Ednbgh.	C	14	57	Rio J'ot.		—	—
Faro	S	26	79	Rome	F	27	81
Florence	F	26	79	Salzbrg.	S	28	82
Frankft.	C	17	63	S F'cisc†	F	10	50
Funchal	F	22	72	S Moritz		—	—
Geneva	R	14	57	Singapr.		—	—
Gibraltar	S	27	81	S'tiago†		—	—
Glasgow	R	15	59	Stckhm.	F	22	72
G'rnsey	C	14	57	Strasbg.	C	18	64
Helsinki	C	17	63	Sydney	S	18	64
H. Kong	R	29	84	Tangier	S	24	75
Innsbrk.	C	24	75	Tel Aviv	S	28	82
Invrnss.	C	13	55	Tenerife	S	25	77
I.o Man	C	15	59	Tokyo	S	27	81
Istanbul	S	33	91	T'ronto†	S	14	57
Jersey	C	16	61	Tunis	S	37	99
Jo'burg	S	20	68	Valencia	S	27	81
L. Plms.	F	23	73	Venice	S	26	79
Lisbon	S	23	73	Vienna	S	29	84
Locarno	C	14	57	Warsaw	F	25	77
London	R	15	59	Zurich	R	15	59

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Big Greek order for British Shipbuilders

BY ANDREW FISHER, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS, the nationalised group which will announce large losses next week, has won a further much-needed export order worth £42m from a Greek shipowner.

Its Austin and Pickersgill subsidiary in Sunderland is to build four 30,000 deadweight tonne bulk carriers for companies controlled by Mr T. H. Demeris.

This brings the total of merchant ship orders at British Shipbuilders to well over £500m, though this is still some way down on previous years.

Austin and Pickersgill's chairman, Mr Derek Kimber, said that with other recent orders "we are now assured of work until the latter part of 1983." Early in June, his company announced a £20m order from the C. Y. Tung Group of Hong Kong.

After last year's struggles for orders, the current situation was much improved, he added. "But we are not out of the wood yet by any means." Williams and Glyns has arranged finance of £33m for the order, the largest ever won by the yard.

Mr Kimber said the orders had been won "on a very tight competitive basis in the present recession and only with the help of the Intervention Fund." This fund, provided by the Government, is designed to make up the difference between depressed world shipbuilding prices and the level at which a yard can break even. The fund's contribution to this contract could total around £7m.

British Shipbuilders, which made a £57m trading loss in the first half of its last financial year, is due next Thursday to reveal figures for the 12 months to March 31, 1981.

The group has said it hopes to be able to keep losses within the limit of £110m set by the Government. For this year, it has fixed a much more stringent limit of £25m.

As well as the Greek order, British Shipbuilders has landed a contract worth several million pounds for Tyne Shiprepair Group to enlarge the capacity of a Russian passenger ship, the Kareliya, owned by Black Sea Steamship Company.

The latest merchant shipping order figures produced by the group show a total of £473m at end-June against £578m the year before. There are also over £2bn of warship orders, including those announced in the latest defence review.

Mr Robert Atkinson, British Shipbuilders chairman, said the Greek purchase—the second by Mr Demeris from Austin and Pickersgill—showed the group was forging ahead. "We are trying to fill our yards and the improvement in productivity, if sustained, will help us to do so."

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